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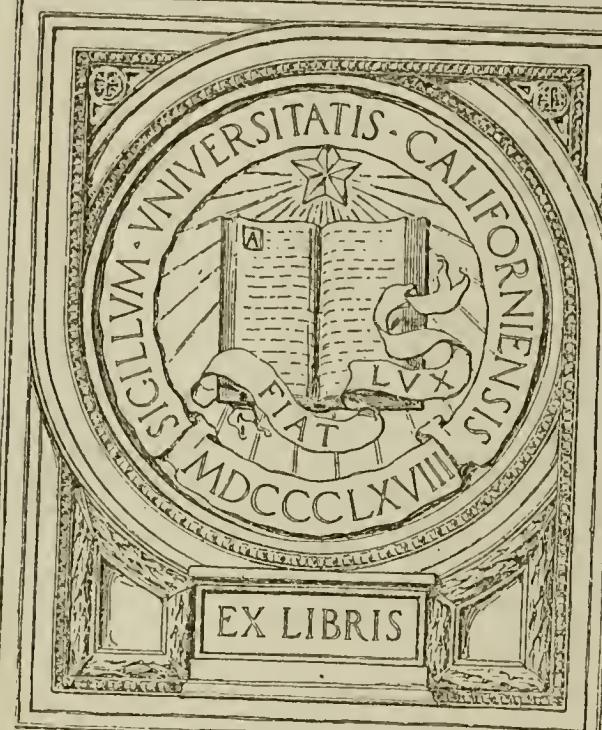


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STATE OF NEW YORK

REPORT

OF THE

COMMITTEE OF INQUIRY

TO

GOVERNOR WILLIAM SULZER

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JOHN N. CARLISLE  
JOHN H. DELANEY  
H. GORDON LYNN  
Committee  
JOHN T. NORTON  
Counsel

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TRANSMITTED TO THE LEGISLATURE MARCH 24, 1913

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MESSAGE FROM THE GOVERNOR

TRANSMITTING

REPORT OF THE COMMITTEE OF INQUIRY

STATE OF NEW YORK,

EXECUTIVE CHAMBER,

ALBANY, *March 24, 1913.*

*To the Legislature:*

Upon my induction into the office of Governor of this State, I found that the expenses of the administration of the government of the State had several times multiplied during the past generation, and that the expenses had mounted to so startling a figure that an investigation of the causes for such result was imperative, in order that the people of the State, who are obliged to furnish the revenue for the support of government, might be advised thereof, and in order that application of sound business and financial principles to the affairs of the State might be advanced.

In my first message to the Legislature, I invited attention to this most important subject; and, actuated by a desire to safeguard the rights of the people and to give them a wise and economical business administration of the State's affairs, I availed myself of the authority, granted to the Governor by the executive law, to appoint a committee to conduct such investigation. The report of that committee is now before me, and I herewith transmit it to the Legislature. It is so complete, concise and intelligent that an analysis of it in this message is not only unnecessary, but, in my judgment, it would be unwise for me, by such analysis, to divert attention from the report itself, which is worthy of the attentive reading and careful consideration of every member of the Legislature, and of the people generally throughout the State. Therefore, it seems to me wiser to submit the report of the Committee of Inquiry to the Legislature with my general

recommendation that it be approved, and that the bills which are suggested be enacted into laws.

If the notion has taken lodgment in any mind that the prerogatives of the Legislature have been in the least invaded by the work of the Committee of Inquiry, a moment's reflection will dissipate that view. There has been no effort, in any way, to interfere with the constitutional power of the Legislature; and, beyond that, the Committee of Inquiry has carefully avoided, as a reading of the report will demonstrate, any appearance of the assumption of interference with the recognized authority of the co-ordinate branches of the State government.

Thus it will be readily appreciated that the Committee of Inquiry omitted all investigation as to the legislative and judicial branches of the State government. It devoted its efforts to investigations with respect to the administration of the State's affairs for the purpose of suggesting necessary economies and recommending the promotion of efficiency in such administration. The results of its labors will, I have no doubt, be appreciated by the legislative branch of the State government, as it is by the Executive.

In the organization of the Committee of Inquiry, my anxious endeavor was to secure the services of wise and competent men who could be depended upon to, disinterestedly and without malice or partisanship, devote themselves to the important work committed to them. The result of the Committee's work abundantly justifies my confidence in its membership. The remarkable industry and energy of the Committee cannot be too highly commended. In an all too brief period of time, it has performed extensive and arduous labors with a thoroughness that challenges favorable comparison with the work of any public investigation of which I am aware.

The untiring devotion of its members to the accomplishment of the lofty purposes of the investigation has set a standard and furnished an example of patriotic endeavor, which, it is hoped, will be emulated in the future. Its work commands the admiration of public officials, and compels the gratitude of the people of the State.

The chairman of the Committee, John N. Carlisle, is one of the leading lawyers of the State, and a citizen of the true public spirit, as well as a man of the highest character and the broadest capacity. The second member of the Committee, John H. Delaney, has earned his way to recognition in the business world as a wise administrator, and has now taken his place in the public life of the State as a citizen devoted to the general welfare. The third member of the Committee, H. Gordon Lynn, has earned an enviable reputation as an accountant, and a systematizer of business management. In addition to his expert knowledge, he brought to bear upon the work of the Committee his thorough acquaintance with affairs of public accounting gathered in the city of New York, all illuminated by his pronounced devotion to the cause of economic, efficient and good government.

The Counsel to the Committee, John T. Norton, is Deputy Attorney-General, a former member of Assembly, former Corporation Counsel of the city of Troy, honored by his party by a nomination for the office of Secretary of State, and last year endorsed by the bench and bar of this vicinity for nomination for the office of Associate Justice of the Court of Appeals. He is recognized as one of the most able and scholarly lawyers in practice in this State.

Naturally, from their character and experience, these distinguished public servants aimed at the highest ideals, and the only regret that comes to me is that such devoted service to the people was necessarily for only so limited a period. They have done a splendid work. They have saved the taxpayers millions of dollars. They have confirmed my confidence in their ability. They have earned the gratitude of the people of the State.

It is the recommendation of the Committee of Inquiry in its report that the great work which it has thus hastily, but with remarkable thoroughness, accomplished, should not be a passing work of wisdom, to be read, admired, commended and then neglected.

In a somewhat similar effort to promote efficiency and economy in the administration of the Federal Government, more than two years have been occupied by a commission at Washington. The work of the Committee of Inquiry, during the brief space that has intervened since the beginning of this year, will not suffer by comparison with the two years' work performed at Washington.

If efficiency and economy in the administration of the State's affairs are to be furthered and made a permanent endeavor, the work must be continued. The Committee recommends the establishment of a Department of Efficiency and Economy, and wisely supplements that recommendation by legislation which will uphold the hands of the Commissioner of Efficiency and Economy by putting into operation, for the general welfare of the people, a systematic business and financial management of the State's business and financial affairs. It is high time the State of New York was placed on a business basis in the administration of its affairs.

If the Legislature will approve these recommendations, a long step forward in the interest of efficient and economic administration will be at once taken, and a permanent policy will be established which will reduce to the minimum the expenses of the administration of the State's government; and, thus, the interests of the taxpayers throughout the State will be safeguarded against waste, extravagance and inefficiency.

With the interests of the people at large before our minds, it seems to me that it is the imperative duty of the legislative and executive branches of the State government to regulate the business management of the State's affairs upon the lines advised by the Committee. I am convinced that there is no room for doubt as to the wisdom of adopting this course.

It is therefore without hesitation and with the full consciousness that I am performing to the extent of my constitutional authority a patriotic duty to the people of the State, that I recommend, the enactment into law of these measures for the promotion of efficiency and economy in the administration of the State's business and financial concerns.

The legislation recommended by the Committee of Inquiry has had my most careful consideration. Its wisdom is abundantly justified in the Committee's report. It rests upon good reason. These progressive measures have been carefully prepared. They are in the interest of the people. They define a wise public policy. Their enactment into laws will redound to the credit of the Legislature that approves them.

The work of the Committee of Inquiry has inaugurated a business system for the State. The old methods of waste and extravag-

gance, or worse, must be discarded. The people demand an honest and efficient business administration of their affairs. They are entitled to nothing less. If the recommendations, herewith submitted, shall find place in the body of the State's law, the great Empire State of New York will take the place, which rightly belongs to it, at the head of its sister states, furnishing to its people a wise, honest, efficient and economical administration of government. The people of the State so demand. It is our duty, as representatives of the people, to enact this demand into law.

WILLIAM SULZER.



REPORT

OF THE

COMMITTEE OF INQUIRY

TO

GOVERNOR WILLIAM SULZER



REPORT  
OF THE  
COMMITTEE OF INQUIRY

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ALBANY, N. Y., *March 21, 1913.*

Honorable WILLIAM SULZER, *Governor of the State of New York,  
Executive Chamber, Albany, N. Y.:*

SIR.—The Committee of Inquiry, having devoted the time allowed to it when it was appointed, and having completed, so far as the time limited permitted, the work assigned to it, submits the following as its final report, together with the recommendations, which impress it as wise and for the advantage of the State, for the promotion of efficiency and economy in the service of the State and in the State's business and financial concerns.

In your first message to the Legislature you recommended the appointment of this Committee in the following language:

“Many worthy citizens have suggested to me the advisability of examining, through a committee of inquiry, into every department of the State government to ascertain where expenditures can be checked and the money of the taxpayers saved, and also to recommend to the Legislature in this message the desirability of abolishing useless offices, consolidating wherever possible bureaus and commissions, with the sole object of more rigid economy and a greater degree of efficiency.”

On January 6, 1913, your Committee was appointed and we immediately entered upon the discharge of our duties and have since been engaged in attempting to cover the enormous mass of detail assigned.

We were confronted at the outset with the proposition that in order to make our work effective this report must be made in practically sixty days from the time we were commissioned, to the end that it should be presented to the Legislature and our recommendations submitted to them in time for action. Neces-

sarily we have not been able to follow up in every detail a large number of matters which were brought to our consideration.

Upon our organization we announced that our line of action would be to make an investigation of the different departments of the State for the purpose of trying to secure economies and efficiency in the public service. It is along this line that we have spent the greater part of our time. We deem this to be the real constructive part of our work, and that which will result in lasting benefit to the State, if the recommendations we submit are enacted into laws.

### **BUSINESS METHODS OF THE STATE AND ITS SYSTEM OF FINANCE.**

The business of the State can reasonably be said to be run without any systematic plan whatever. Each department is conducted as an independent enterprise, and there is no effort at co-operation, no point or place where the various activities of the State government concentrate. The Governor appoints heads of departments, generally with the advice and consent of the Senate, and there his real power practically ends; the Legislature creates the departments, and after that merely appropriates funds for their support; the Comptroller is vested with only a limited power of audit, and that power extends to less than one-fourth of the amount expended last year for the support of the State institutions. The condition therefore ensues that work is duplicated, labor is multiplied and expenditures become greater each succeeding year, because there is no way by which the business of government may be considered as a compact whole. To bring about a proper condition of control it seems necessary to establish new agencies of government endowed with power to examine and supervise the work of all the departments, to compel uniformity in methods of administration and accounting, and then to assemble together the results obtained, so that the Legislature and the Governor may have accurate, complete and condensed information to aid them in properly exercising their legislative and executive duties.

As the first steps toward bringing about necessary reforms, we had prepared five bills which we submitted to you with a preliminary report on the eleventh day of February, 1913. These bills, briefly summarized, provide as follows:

1. A State Board of Estimate, consisting of State officials, to have the careful preparation of the appropriation bills.

2. A Commissioner of Efficiency and Economy, to have the power to examine into all the expenditures of the State, and to make recommendations along lines of efficiency and economy.

3. A State Board of Contract and Supply, controlled by State officials, to have power to purchase all supplies for every department of the State.

4-5. The Comptroller to have absolute power to audit and examine every expenditure.

We most respectfully urge the passage of these bills at the earliest possible date.

To secure real economy and efficiency in State affairs, the entire system under which appropriations of funds are made by the Legislature should be changed. The law now compels departments and bureaus to submit before the fifteenth of November an estimate of the amount of money required for their support during the ensuing fiscal year. Inasmuch as the present fiscal year begins October 1, this means that these estimates are prepared more than ten months in advance. Every year conditions arise which could not be foreseen by even the most careful executives, and the system has resulted sometimes in such excessive amounts being appropriated that extravagance is invited, and sometimes in such deficiency in appropriation that departments were compelled in violation of law to exceed the expenditure allowed; and the consequence has been annual supply bills and special bills filled with emergency appropriations. To correct this condition we recommend:

First. That the fiscal year of the State begin on the first day of July, instead of the first day of October, thus bringing the date near the end of the legislative session.

Second. That general appropriations should be available only for the year for which they are specifically appropriated.

Third. That all unexpended balances lapse at the end of each year. The conditions under which the funds have been handled in the past are such as to prevent this plan becoming effective until September 30, 1914.

Fourth. That it should be unlawful, and under no circumstances should a department be empowered or permitted, to incur liabilities in excess of an appropriation, and the Comptroller should not be permitted to make any deviation from this rule nor sanction directly or indirectly any violation thereof.

Fifth. That the appropriation bill should not permit the word "Maintenance" to be used as is now applied. At present, in connection with prisons, hospitals and charities, this term covers wages, salaries, supplies, expenses, repairs and in some cases betterments, and the institutions should be required to separate into detail all of these items, otherwise the Legislature has no control whatever over the expenditures for these purposes.

Sixth. That supply bills be discontinued. Exigencies and contingencies should be taken care of in either a deficiency or a special bill.

Seventh. That the form of the appropriation act should be changed so as to show specifically the titles of positions for which salaries are provided, instead of concealing them in so-called "grades" as at present.

Our examinations into the various departments show that, as far as the matter of interpretation of the appropriations is concerned, each department is a law unto itself; that practically no two departments handle an item of expense in the same manner; and that there is an absolute lack of uniformity in treatment, with no present power vested in anyone to bring about this necessary reform.

To bring about control, it is necessary to have concentration of power and authority. Without concentration of power and authority, efficiency and economy cannot be had; and control cannot be had by a Budget Committee, a Finance Committee, or any controlling governmental body, until all of the departments of administration of the State of New York shall have been compelled to adopt a uniform system of general accounting.

We feel confident that the approval by the Legislature of the foregoing recommendations will increase largely the efficiency of the service, and permit of regulation of expenditures that will result in very large saving of public funds every year.

#### UNEXPENDED BALANCES.

During the course of our investigation we discovered that in nearly every department of the State there were large unexpended balances on hand. These balances occurred by reason of the departments having obtained more money in the past than was necessary for the purposes for which they were asked, and, in some instances, these balances amounted to a larger amount than

was necessary to run the department for two full years for the specific purposes desired.

For instance, in the Insurance Department there was on September 30, 1912, an unexpended balance of appropriation for office expenses amounting to \$30,190.67. Upon October 1st there became available an additional appropriation, made by the last Legislature, of \$25,000. Thus, there was in this fund at the beginning of this fiscal year a total sum of \$55,190.67.

The expenditures on account of office expenses during the last year amounted to only \$19,413.71, but this Legislature was asked to appropriate \$25,000 more, the department apparently overlooking the fact that there was already sufficient in this fund to meet the requirements of two years to come.

Your Committee has recommended that this unexpended balance be reappropriated, and no new appropriations be made this year.

As we have heretofore recommended, the practice of allowing unexpended balances to be carried over should be discontinued and the Legislature should provide that all such balances do lapse at the end of the fiscal year 1914, and at the end of each succeeding year.

#### PRINTING.

The cost of printing for the Legislature and various State Departments for the fiscal year 1911-1912, ordered through the State Printing Board, is given in the Comptroller's report as follows:

Legislative printing .....	\$388,554.49
Departmental printing .....	189,981.07
Engraved bonds .....	31,803.50
	_____
	\$610,339.06
Estimated outstanding liabilities Oct. 1, 1912, to be paid out of 1912 funds .....	50,000.00
	_____
Total .....	\$660,339.06
	_____

The State Printing Board, composed of the Secretary of State, the Comptroller and the Attorney-General, is charged by statute with the duty of supervising the purchase of all printing, with directing the "form, style and methods of the execution of all

work," and with advertising for competitive bids and letting contracts for said work; but, by the terms of the same statute, the Printing Board is denied even the power to determine the character of the specifications to be bid upon, or the quantities of printing to be ordered or contracted for. The present printing law of the State of New York appears to have been especially well designed to promote extravagance and waste and to absolutely prevent any effort toward economy. The Printing Board has promulgated such rules as it could to regulate methods of ordering and delivering work, but the limitations upon the power of the Board prevent any actual control, and the establishment of an official board under such conditions is only a pretense at protecting the taxpayers of the State. The experts employed by your Committee are unanimous in their opinion that very large savings could be made if the law permitted proper methods of purchase and regulation.

Your Committee recommends that the present State Printing Law be repealed, and that the acts to establish a State Board of Contract and Supply and a Department of Efficiency and Economy, already pending in the Legislature, be enacted into law, as an effective means of stopping this waste of public funds. Or, if it be deemed unwise by the Legislature to establish a bureau for the purchase of all supplies, at least the Printing Law should be changed so as to make it possible for the State Departments to purchase printing at the lowest prices obtainable. We have had prepared and sent to the Legislature a new printing law, and we recommend its enactment as an alternative measure.

Your Committee has transmitted a copy of the report of its examiners to the State Printing Board, with some suggested economies that appear to be possible under the provisions of the present contract, through certain changes in grades of paper.

### STATIONERY AND OFFICE SUPPLIES.

Stationery and office supplies are used in very large quantities by the State of New York, but the State purchases these supplies in small quantities and at unreasonably high prices. Some of these supplies are furnished to various departments by the State Comptroller's office, but the larger portion is purchased by the departments themselves in the open market. Some departments — for instance, the Secretary of State and the Conservation Commission — have recently made an effort at economy in this

line, but, even in these departments, the prices paid are far in excess of what is reasonable.

In one table in the Comptroller's Annual Report (page 95) the cost of stationery and typewriter supplies paid out of office and general expenses account, by the departments, is given at \$32,467.65. This is only a small part of the total purchases of this character. It is not possible, without a laborious analysis of all the accounts kept by the various departments and institutions, to give the exact amount the State pays in any fiscal year for stationery and office supplies, but, we believe, a conservative estimate would be \$80,000.

The establishment of a central purchasing agency for supplies of this nature would easily result in a saving of \$20,000 a year.

### SINKING FUND.

We are advised by the Comptroller of the State that the several sinking funds, kept pursuant to law, are as follows:

(1) For the retirement of the bonds issued pursuant to chapter 147 of the Laws of 1903 for the improvement of the Erie, Oswego and Champlain canals, a total issue of two million dollars, par value.

(2) For the retirement of the bonds issued pursuant to chapter 147 of the Laws of 1903 and chapter 241 of the Laws of 1909 for the improvement of the Erie, Oswego and Champlain canals, a total issue of twenty-one million dollars, par value.

(3) For the retirement of the bonds issued pursuant to chapter 147 of the Laws of 1903, chapter 302 of the Laws of 1906, chapter 241 of the Laws of 1909 and chapter 66 of the Laws of 1910, for the improvement of the Erie, Oswego and Champlain canals, a total issue of forty million dollars, to which is to be added an issue of twenty million dollars contemplated to be sold in the current year.

(4) For the retirement of the bonds issued pursuant to chapter 391 of the Laws of 1909 and chapter 139 of the Laws of 1910 for the improvement of the Cayuga and Seneca canals, a total issue of three million dollars, to which is to be added an issue of two million dollars contemplated to be sold in the current year.

(5) For the retirement of the bonds issued pursuant to chapter 746 of the Laws of 1911, for barge canal terminals, a total issue of five million dollars, to which is to be added an issue of five million dollars contemplated to be sold in the current year.

(6) For the retirement of the bonds issued pursuant to chapter 479 of the Laws of 1906 and chapter 718 of the Laws of 1907 for the improvement of highways, a total issue of thirty-four million dollars, to which is to be added an issue of sixteen million dollars contemplated to be sold in the current year.

(7) For the retirement of the bonds issued pursuant to chapter 363 of the Laws of 1910 for the improvement and extension of Palisades Interstate Park, a total issue of two million five hundred thousand dollars, par value.

In these several sinking funds, the Comptroller, after the method that has grown up in his office, has figured that there should be added, by appropriation or direct tax, for the fiscal year beginning October 1, 1913, the following amounts, viz.:

Fund.	Total to be added.	For principal.	For interest.
(1) <i>supra</i> ....	\$264,551 66	\$204,551 66	\$60,000 00
(2) <i>supra</i> ....	925,930 82	295,930 82	630,000 00
(3) <i>supra</i> ....	3,306,895 77	906,895 77	2,400,000 00
(4) <i>supra</i> ....	275,574 66	75,574 66	200,000 00
(5) <i>supra</i> ....	661,379 16	261,379 16	400,000 00
(6) <i>supra</i> ....	60,626 42	30,626 42	30,000 00
(6) <i>supra</i> ....	3,260,000 00	980,000 00	2,280,000 00
(7) <i>supra</i> ....	137,787 32	37,787 32	100,000 00
<hr/>			
Total ...	\$8,892,745 81	\$2,792,745 81	\$6,100,000 00
<hr/>			

The total liability for the funded debt of the State of New York on December 31, 1912, was \$106,472,660. This is divided as follows:

Canals . . . . .	\$69,407,660 00
Highways . . . . .	34,000,000 00
Palisades Interstate Park . . . . .	2,500,000 00
Saratoga Springs State Reservation . . . . .	565,000 00
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Total . . . . .	\$106,472,660 00
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The bonds of the Saratoga Springs State Reservation of \$565,000 carry with them no imposition of a sinking fund.

The amount of the funded debt as of the given date for which provision has been made for sinking fund is \$105,907,660,

Of the amount of bonds authorized, but not yet issued, there are \$124,778,000. The analyses respecting the purposes for which created, show:

For canals . . . . .	\$58,393,000	00
For highways . . . . .	66,000,000	00
For Saratoga Springs State Reservation . . . . .	385,000	00
 Total . . . . .	\$124,778,000	00

There was in the sinking fund of the State of New York on December 31, 1912, \$22,304.040.95, consisting of,

Investments . . . . .	\$20,426,746	84
Cash . . . . .	1,877,294	11
 Total . . . . .	\$22,304,040	95

Analyzing further to exhibit the relation of the sinking funds to the respective bond issues, shows:

Canal debt sinking fund . . . . .	\$17,907,324	72
Highway debt sinking fund . . . . .	4,320,913	76
Palisades Interstate Park sinking fund . . . . .	75,802	47
 Total . . . . .	\$22,304,040	95

If, instead of the practices that have been followed by the State, the sinking fund had been created in the usual and customary manner the accumulations as of December 31, 1912, would have been \$3,530,994.98, or an amount equal to \$18,773,045.97 less than the actual amount of the accumulated cash and securities on hand and available as of the given date.

This, analyzed to exhibit its relation to the respective issues, shows:

Excess in the canal sinking fund . . . . .	\$15,347,840	54
Excess in the highway sinking fund . . . . .	3,394,395	36
Excess in the Palisades Interstate sinking fund . . . . .	30,810	07
 Total excess in sinking funds . . . . .	\$18,773,045	97

The records of the Comptroller show that the amount to the credit of the sinking fund for the highway loan of one million (\$1,000,000) dollars at three per cent, pursuant to chapter 469 of the Laws of 1906, and amendments, redeemable December 1, 1956, was, on September 30, 1912, \$598,247.21. Thus it appears that more than half of the principal had accumulated and the bonds had a further life of forty-four (44) years.

It is submitted that, to set aside two per cent of the principal each year for a sinking fund on a debt of fifty million (\$50,000,000) dollars, on a basis of investment at three per cent compounded annually, there will have accumulated in thirty-one years thereafter \$50,002,678.17, and the bonds, having a life of fifty years, will have yet to run a period of nineteen years.

To concede that this theory is correct is to grant that the first three decades are imposed with the burden of this debt; that the latter two decades during the life of the issue are relieved of any proportion of this burden; and, further, too, *they are presented* with the public utility, free of debt, and the accumulations on fifty million dollars for nineteen years—a sum amounting to *thirty-seven million, six hundred and seventy-seven thousand, and eighteen dollars* (\$37,677,018).

Believing it to be a matter of a grave nature to suggest any departure from the practices in vogue concerning the sinking fund, our Examiner, with the consent and approval of the Governor and your Committee, sought the advices of nine gentlemen in the city of New York whose reputation as financiers extends to every quarter of the United States. Included among these men were some of the large buyers of the State securities. None of these gentlemen knew that there was in the sinking fund an amount in excess of the requirement under the usual and customary amortization plan. Their advices can be generally conveyed in the statement that it is their opinion that a clear, concise statement of affairs should be given to the people showing:

(1) The annual contributions made to the sinking fund have been largely in excess of the requirements.

(2) There is an excess in the sinking fund to-day equal to many millions more than is necessary.

(3) The practices in vogue operate against the time honored principles of funding a debt.

(4) The expense and burden of the public debt is inequitably distributed.

(5) That the present administration proposes to relieve the situation by reducing annual contributions to the sinking funds until such time as the total amount in the sinking funds shall represent the correct proportion of the total amount required for the redemption of the bonds at maturity. Then, and thereafter, contributions should be made to the sinking fund in amounts sufficient only, under the usual and customary plan of amortizing a debt, to discharge the principal at maturity.

(6) And that the Governor and the Committee of Inquiry have advised with men of finance, having the knowledge and ability that come from experience, and a correction of the practices will not operate to put the State in jeopardy either as to the State's relation to the securities already issued or concerning the future sale of State bonds.

In conclusion, your committee recommends:

That inasmuch as the greatest proportion of the excess was accumulated within the past seven years, that the adjustment, operating to correct the abuses, should be made effective immediately, to the end that the same decade receives the benefits of such corrections as far as is possible.

That the request of the Comptroller to appropriate \$9,022,245.81 *out of the revenues* for the fiscal year beginning October 1, 1913, described as being for contributions to the Sinking Fund and interest on the bonded indebtedness, inclusive of interest on bonds estimated to be outstanding during the year, be reduced to \$129,500 to the fund to liquidate the principal and interest on the Saratoga Springs State Reservation bonds, and one hundred dollars (\$100) to each of the seven funds to liquidate various canal and highway bonds, or a total amount to be "imposed and collected" of \$130,200. In view of the fact that the balance of the proposed levy for this year (\$8,892,045.81) was imposed and collected in previous years, and that there still remains in the sinking fund a very large surplus to be applied

to the reduction of future contributions, the provisions of the Constitution, directing the manner of establishing and maintaining a fund sufficient to discharge the debt at maturity, have been fulfilled.

In confirmation of our recommendation upon this subject, we submit herewith, and as a part of this report, the opinion of our counsel.

### CANAL CLAIMS AND BOARD OF CLAIMS.

Growing out of the construction of the Barge Canal, and the appropriation of lands in connection therewith, there are now pending against the State about two thousand four hundred claims for damages.

Under the act, the State, by filing a notice of appropriation, is entitled to enter into the possession of the land and dispossess the owner therefrom without making compensation, unless an agreement as to value is arrived at. Where an agreement is not reached, the State, in good faith, should provide a method of settlement, or a tribunal before whom the value of the property taken should be quickly determined and the moneys paid to the owners.

Under the present procedure, a large number of claims have accumulated, and the present judicial system of handling these claims is absolutely inadequate to quickly and promptly dispose of them. It is impossible for the present Board of Claims to handle all the business before it promptly and with dispatch, and it is necessary that some method should be adopted whereby people having claims against the State can receive a prompt decision. This is not only desirable for the benefit of the claimants, but also for the State, on account of the large interest charges accumulating on these claims. The saving of interest alone will easily meet the additional temporary expenses recommended for the prompt disposition of the claims.

We believe that the Court of Claims should be temporarily increased in its membership by an additional three members, and that the judges of the Court of Appeals whose terms of office have expired by age limitation, and who are available under the statute for such work, be authorized to hear such claims as the Attorney-General may see fit to submit to them, because of their experience and of the legal questions involved.

commissioner  
Administrator  
Secretary . . .  
assistant secy  
chief clerk . . .  
stenographer  
clerk and sten  
age or junior  
clerk or sten  
clerk or sten  
*Examination*  
chief examiner  
xaminer . . .  
xaminer . . .  
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stenographer  
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age . . . . .  
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clerk or sten  
stenographer  
clerk or sten  
xaminer . . .  
Totals . .

**SCHEDULE B**  
**STATE CIVIL SERVICE COMMISSION**

TITLE OF APPROPRIATION	AMOUNT						ESTIMATE FOR YEAR 1913 COMPARED WITH APPROPRIATION FOR YEAR 1905	ESTIMATE FOR YEAR 1913 COMPARED WITH APPROPRIATION FOR YEAR 1912	
	YEAR — 1911		Year 1905	Year 1907	Year 1909	Appropriated	Expended		
	Year 1912	Estimate year 1913					Increase	Decrease	
Expenses of commissioners.....	\$1,800	\$1,500	\$1,600		\$1,600	\$1,600			
Expenses of secretary.....	250	150	250		250	250		3,400	3,400
Expenses of chief examiner.....	400	400			500	500		850	.....
Expenses of examiners and stenographers.....	100	100			500	500			.....
Expenses of examinations.....	5,000	7,000	10,000		10,000	10,000	10,000	5,000	.....
Office expenses.....	2,000	2,500	2,500		2,500	2,500	3,000	3,000	1,000
Postage and transportation.....	1,800	1,800	2,500		2,000	2,000	2,500	2,500	700
Sample examination papers and civil list.....					1,000	1,000	800	800	.....
Totals.....	\$11,350	\$13,450	\$17,350		\$17,850	\$17,850	\$19,700	\$19,700	\$8,350

**SCHEDULE C--CIVIL LIST OF EMPLOYEES  
STATE CIVIL SERVICE COMMISSION**

NAME	Address when appointed	Title of position when appointed	Date of original appointment	Rate of original salary	Present title of position	Date of appointment to present position	Rate of present salary	If veteran specify whether soldier or firemen	Whether position is exempt or classified	If position is mandatory give chapter, section and year
Jacob Neu.	Brooklyn.	Commissioner.	Jan. 7, 1913	\$3,000 00	Commissioner.	Jan. 7, 1913	\$3,000 00			Chap. 15, Sec. 3, Laws of 1909.
Meyer Wolff, M. D.	New York.	Commissioner.	Jan. 7, 1913	3,000 00	Commissioner.	Jan. 7, 1913	3,000 00			Chap. 15, Sec. 3, Laws of 1909.
James A. Lavery.	Poughkeepsie.	Commissioner.	Jan. 7, 1913	3,000 00	Commissioner.	Jan. 7, 1913	3,000 00			Chap. 15, Sec. 3, Laws of 1909.
John C. Birdseye.	Pompey, Onondaga Co.	Clerk and messenger.	June 1, 1884	900 00	Secretary.	Sept. 1, 1900	4,000 00			Chap. 15, Sec. 4, Laws of 1909.
Geo. R. Hitchcock.	Little Falls.	Stenographer.	Jan. 10, 1900	840 00	Assistant secretary.	Feb. 14, 1907	2,000 00	Competitive.		
Julia M. Ryan.	Albany.	Junior clerk.	Feb. 1, 1899	600 00	Chief clerk.	Feb. 14, 1907	1,700 00	Competitive.		
Elizabeth S. VanVranken.	Watervliet.	Stenographer.	July 1, 1905	900 00	Stenographer.	July 1, 1905	1,300 00	Competitive.		
May J. Fee.	Albany.	Stenographer.	July 5, 1910	600 00	Stenographer.	July 5, 1910	900 00	Competitive.		
Loretto A. Hearley.	Albany.	Stenographer.	Mar. 16, 1911	600 00	Stenographer.	Mar. 16, 1911	900 00	Competitive.		
Mary L. Comstock.	Albany.	Stenographer.	Oct. 23, 1911	480 00	Stenographer.	Oct. 23, 1911	720 00	Competitive.		
Justina M. Grogan.	Albany.	Stenographer.	Feb. 19, 1912	600 00	Stenographer.	Feb. 19, 1912	600 00	Competitive.		
Frances M. Devanna.	Albany.	Junior clerk.	July 27, 1911	480 00	Clerk.	Oct. 1, 1912	720 00	Competitive.		
Raymond T. Jones.	Albany.	Page.	July 11, 1910	360 00	Junior clerk.	Oct. 1, 1911	600 00	Competitive.		
Wm. J. Maher.	Albany.	Page.	May 7, 1912	360 00	Page.	May 7, 1912	480 00	Competitive.		
Barold N. Saxton.	New Rochelle.	Chief examiner.	June 1, 1909	3,000 00	Chief examiner.	June 1, 1909	3,600 00	Competitive.		
P. H. Parthesius.	Troy.	Examiner.	June 1, 1909	1,800 00	Examiner.	June 1, 1909	2,500 00	Competitive.		
John W. Root.	Hoosick Falls.	Examiner.	Aug. 6, 1906	1,000 00	Examiner.	Aug. 6, 1906	2,000 00	Competitive.		
Herbert E. Hayes.	Albany.	Examiner.	Feb. 1, 1910	1,200 00	Examiner.	Feb. 1, 1910	1,300 00	Competitive.		
Wm. L. Chase.	Palmyra.	Examiner.	Jan. 1, 1910	900 00	Examiner.	Jan. 1, 1910	1,200 00	Competitive.		
Charles W. Latimer.	Buffalo.	Examiner.	July 1, 1912	1,000 00	Examiner.	July 1, 1912	1,200 00	Competitive.		
Georgia G. Smith.	Kingston.	Junior clerk.	Mar. 16, 1911	600 00	Clerk and examiner.	Nov. 1, 1911	900 00	Competitive.		
Edna Henry.	Niagara Falls.	Stenographer.	Jan. 21, 1907	600 00	Stenographer.	Jan. 21, 1907	1,000 00	Competitive.		
Mahel P. Vanderpoel.	Hudson.	Stenographer.	Nov. 1, 1908	600 00	Stenographer.	Nov. 1, 1908	1,000 00	Competitive.		
Catherine C. Geier.	Albany.	Stenographer.	Aug. 7, 1911	600 00	Stenographer.	Aug. 7, 1911	720 00	Competitive.		
John E. Carpenter.	Cohoes.	Page.	Nov. 11, 1909	360 00	Clerk.	Oct. 1, 1912	720 00	Competitive.		
Cornelius W. Gray.	Albany.	Page.	Nov. 18, 1912	360 00	Page.	Nov. 18, 1912	360 00	Competitive.		

Chap. 15, Sec. 4, Laws of 1909.

**SCHEDULE A**  
**STATE CIVIL SERVICE COMMISSION**

TITLE OF POSITION	Rate	YEAR 1905		YEAR 1907		YEAR 1909		YEAR 1911		YEAR 1912		ESTIMATE FOR YEAR 1913		ESTIMATE FOR YEAR 1913 COMPARED WITH APPROPRIATION FOR YEAR 1905				ESTIMATE FOR YEAR 1913 COMPARED WITH APPROPRIATION FOR YEAR 1912					
														INCREASE		DECREASE		INCREASE		DECREASE			
		No. of incumbents	Amount	No. of incumbents	Amount	No. of incumbents	Amount	No. of incumbents	Amount	No. of incumbents	Amount	No. of incumbents	Amount										
Commissioner.....		3	\$9,000	3	\$9,000	3	\$9,000	3	\$9,000	3	\$9,000	3	\$9,000	...	...	...	...	...	...	...	...		
<i>Administration Division:</i>																							
Secretary.....		1	3,300	1	3,600	1	4,000	1	4,000	1	4,000	1	4,000	...	...	\$700	...	...	...	...	...	...	
Assistant secretary.....		1	1,500	1	1,500	1	1,800	1	2,000	1	2,000	1	2,000	...	...	500	...	...	...	...	...	...	
Chief clerk.....		1	1,200	1	1,200	1	1,200	1	1,500	1	1,700	1	1,700	...	...	500	...	...	...	...	...	...	
Stenographer.....		1	900	1	900	1	900	1	1,200	1	1,300	1	1,300	...	...	400	...	...	...	...	...	...	
Clerk and stenographer.....		1	600	1	600	1	600	2	1,440	2	1,800	2	1,800	1	1,200	...	...	240	...	...	...	...	
Page or junior clerk.....		1	360	1	360	1	480	1	480	1	600	1	600	...	...	240	...	...	...	...	...	...	
Clerk or stenographer.....		...	...	...	...	...	...	...	...	2	1,200	2	1,200	2	1,200	...	...	240	...	...	...	...	
Clerk or stenographer.....		...	...	...	...	...	...	...	2	1,440	2	1,440	2	1,440	...	...	240	...	...	...	...	...	
<i>Examinations Division:</i>																	...	...	...	...	...	...	
Chief examiner.....		1	3,600	1	3,600	1	3,000	1	3,600	1	3,600	1	3,600	...	...	...	...	...	...	...	...	...	
Examiner.....		1	2,000	1	2,000	1	1,800	1	2,000	1	2,500	1	2,500	...	...	500	...	...	...	...	...	...	
Examiner.....		1	1,500	1	1,500	1	1,500	1	1,800	1	2,000	1	2,000	...	...	500	...	...	...	...	...	...	
Examiner.....		1	1,000	1	1,000	1	1,200	1	1,200	1	1,300	1	1,300	...	...	300	...	...	...	...	...	...	
Stenographer.....		2	1,800	2	1,800	2	1,800	2	1,800	2	2,000	2	2,000	...	...	200	...	...	...	...	...	...	
Examiner.....		...	...	1	1,200	1	1,200	1	1,200	1	1,200	1	1,200	1	1,200	...	...	200	...	...	...	...	
Page.....		...	...	1	360	1	360	1	360	1	480	1	480	1	480	1	480	...	...	200	...	...	
Examiner.....		...	...	...	1	1,000	1	1,000	1	1,200	1	1,200	1	1,200	1	1,200	...	...	200	...	...	...	
Clerk or stenographer.....		...	...	...	1	600	1	600	1	720	1	720	1	720	1	720	...	...	200	...	...	...	
Stenographer.....		...	...	...	...	...	...	...	1	720	1	720	1	720	1	720	...	...	200	...	...	...	
Clerk or stenographer.....		...	...	...	...	...	...	...	1	600	1	600	1	600	1	600	...	...	200	...	...	...	
Examiner.....		...	...	...	...	...	...	...	1	2,400	1	2,400	1	2,400	...	...	200	...	...	1	\$2,400	...	
<b>Totals.....</b>		<b>15</b>	<b>\$26,760</b>	<b>17</b>	<b>\$28,620</b>	<b>19</b>	<b>\$30,440</b>	<b>20</b>	<b>\$33,180</b>	<b>26</b>	<b>\$39,360</b>	<b>27</b>	<b>\$41,760</b>	<b>12</b>	<b>\$15,000</b>	<b>...</b>	<b>...</b>	<b>1</b>	<b>\$2,400</b>	<b>...</b>	<b>1</b>	<b>\$2,400</b>	<b>...</b>

In order to carry these recommendations into effect, we approve of the bill introduced by Senator Blauvelt, and also approve of the additional recommendations of the Attorney-General as to making available the services of retired judges of the Court of Appeals.

These additional agencies, however, will only help in a small way to affording any prompt and effective relief, and we believe that the number of claims is so large, and the importance to the litigants is so great, that some additional method should be provided for the purpose of trying to adjust and settle these claims out of court. The board of water supply of the city of New York, which had a large number of similar claims against it, finally procured legislation providing for the appointment by it of a commission to adjust claims by means of negotiating with the owners, with power of recommending settlements to the board. We believe that the Canal Board of the State should have the power to appoint a small commission who should be authorized to take up for adjustment all the claims now on file, and with power to make recommendations to the Canal Board for settlement, and we recommend legislation to this effect.

#### PLAN OF WORK OF COMMITTEE.

Immediately upon the organization of the Committee of Inquiry, we prepared blank schedules upon which every department, bureau and office of the State was required to submit information showing the cost of these departments for the years 1905, 1907, 1909, 1911, 1912, and their estimates for 1913. The attached sheets, Schedules "A" and "B," filled out by the Civil Service Commission, illustrate these forms.

In addition, we also required each department to furnish us with the civil list of employees, showing the names and number of all their employees, when appointed, title of position when appointed, date of original appointment, rate of original salary, present title of position and date of appointment to present position, and the attached sheet, Schedule "C," will show the report made to us by the Civil Service Commission on this branch of the work.

We also had prepared copies of the Appropriation Bills and Supply Bills, showing the amounts asked for this year, the amounts allowed in 1912 and the increases and decreases connected therewith, and had careful tables made of expenditures

and of the legal questions involved.

In order to carry these recommendations into effect, we approve of the bill introduced by Senator Blauvelt, and also approve of the additional recommendations of the Attorney-General as to making available the services of retired judges of the Court of Appeals.

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for the year 1912, showing moneys actually expended and unexpended balances on hand, if any, in each department.

With the data secured from the schedules furnished and the general knowledge gained by the examination of witnesses, we have been able to completely revise the estimates for which appropriations were requested, and we have prepared for printing and submission to the Legislature a new Appropriation and a new Supply Bill, containing the items recommended by us.

In connection with our work, we personally conferred with the head of every department, board, bureau and commission of the State, and discussed the matters connected with the same, and also required the heads of all departments, boards, bureaus and commissions to appear in person at public hearings for examination as to the items in the schedules submitted, their methods of purchasing supplies, and in general the whole administration of their departments. We also held a large number of evening sessions. We have sought information from every source as to efficient and economical methods of administration, and have urged upon the heads of departments the necessity for the elimination of useless offices and the amalgamation of bureaus that were doing the same kind of work.

During the inquiry there appeared before the Committee 117 witnesses, who were sworn, and hearings were also accorded to a large number of delegations, at which a number of speakers appeared and presented their views, and in all 3,618 pages of testimony were taken.

In a great many cases, after these conferences and hearings, we were able to come to an agreement with the heads of the departments to revise downward their estimates for the coming year, and in only a few cases was there a dispute between us and the heads of the departments as to the amounts of money which should be appropriated. We have not tried to arbitrarily scale down any department, but tried to base the determination upon the actual needs, and wherever increases are absolutely necessary we have allowed them.

The following is a summary of the Appropriation and Supply Bills as recommended by us:

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SCHEDULE OF APPROPRIATIONS FOR THE YEAR 1913 — (continued)

DEPARTMENTS	APPROPRIATION MADE BY THE LEGISLATURE OF 1912			APPROPRIATION DESIRED OF THE LEGISLATURE OF 1913			AMOUNTS RECOMMENDED BY COMMITTEE			AS COMPARED WITH 1912 APPROPRIATION	
	General Appropriation Bill	Supply Bill	Total	General Appropriation Bill	Supply Bill	Total	General Appropriation Bill	Supply Bill	Total	Recommended	
										Increase	Decrease
<b>Penal:</b>											
Prison department.....	\$ 38,000 00	\$ 1,041 65	\$ 39,041 65	\$ 41,100 00		\$ 41,100 00	\$ 38,300 00		\$ 38,300 00		\$ 741 65
State prisons.....	770,000 00	37,800 00	807,800 00	840,000 00	\$ 45,400 00	885,400 00	730,000 00	\$ 43,000 00	773,000 00		34,800 00
Dannemora hospital.....	100,000 00		100,000 00	125,000 00	20,000 00	145,000 00	100,000 00	20,000 00	120,000 00	\$ 20,000 00	
Great Meadows prison.....		1,800 00	1,800 00		1,800 00	1,800 00		1,800 00	1,800 00		1,500 00
Matteawan hospital.....	190,000 00	30,000 00	220,000 00	200,000 00	4,000 00	204,000 00	190,000 00	14,000 00	204,000 00		16,000 00
Sing Sing prison.....		1,500 00	1,500 00								24,000 00
State Farm for Women, Valatie.....	25,000 00		25,000 00	30,000 00		30,000 00	1,000 00		1,000 00		26,000 00
Prison for Women.....	26,000 00		26,000 00	30,000 00		30,000 00					1,700 00
State Commission of Prisons.....	17,400 00	800 00	18,200 00	20,400 00	800 00	21,200 00	15,700 00	800 00	16,500 00		3,750 00
Board of Classification.....	1,700 00		1,700 00	1,700 00		1,700 00	1,700 00		1,700 00		
Commission on New Prisons.....		3,750 00	3,750 00		750 00	750 00					
Probation commission.....	11,470 00	150 00	11,620 00	14,600 00	650 00	15,250 00	11,470 00	650 00	12,120 00	500 00	
Board of parole.....	9,200 00	300 00	9,500 00	9,200 00		9,200 00	8,700 00		8,700 00		800 00
Penitentiaries.....	100,000 00		100,000 00	100,000 00		100,000 00					100,000 00
Transportation of convicts.....	15,000 00		15,000 00	15,000 00		15,000 00	5,000 00		5,000 00		10,000 00
Total.....	1,303,770 00	77,141 65	1,380,911 65	1,427,000 00	73,400 00	1,500,400 00	1,101,870 00	80,250 00	1,182,120 00	20,500 00	219,291 65
<b>Curative:</b>											
State Hospital Commission.....	176,220 00	11,337 70	187,557 70	216,310 00	8,196 83	224,506 83	155,080 00		155,080 00		32,477 70
State Hospitals.....		637,750 00	637,750 00		821,197 71	821,197 71		600,750 00	600,750 00		37,000 00
Binghamton State Hospital.....	437,070 50		437,070 50	511,200 00		511,200 00	472,363 00		472,363 00		35,292 50
Buffalo " "	377,084 00		377,084 00	451,000 00	3,500 00	454,500 00	405,527 00		405,527 00		28,443 00
Central Islip " "	732,198 00	449 00	732,647 00	897,750 00		897,750 00	830,740 00		830,740 00		98,093 00
Gowanda " "	207,936 95		207,936 95	246,100 00		246,100 00	226,341 00		226,341 00		18,404 05
Hudson River " "	565,491 00	5,825 90	574,316 90	697,500 00		697,500 00	641,137 00		641,137 00		66,820 10
Kings Park " "	643,069 00		643,069 00	828,000 00		828,000 00	755,273 00		755,273 00		112,204 00
Long Island " "	206,470 50	18,942 00	225,412 50	216,000 00		216,000 00	201,455 00		201,455 00		23,957 50
Manhattan " "	754,616 86		754,616 86	979,200 00	2,500 00	981,700 00	891,927 00		891,927 00		137,310 14
Middletown " "	375,108 00		375,108 00	462,000 00		462,000 00	428,600 00		428,600 00		53,492 00
Mohansic " "	69,090 00		69,090 00	52,500 00		52,500 00	49,773 00		49,773 00		19,317 00
Rochester " "	295,587 50	35,000 00	330,587 50	343,125 00	1,800 00	344,925 00	316,923 00	1,800 00	318,723 00		11,864 50
St. Lawrence " "	388,407 50		388,407 50	406,800 00		406,800 00	396,754 00		396,754 00		8,346 50
Utica " "	318,349 36	90,000 00	408,349 36	401,400 00	2,000 00	403,400 00	372,273 00	2,000 00	374,273 00		34,076 36
Willard " "	431,412 20		431,412 20	504,000 00		504,000 00	462,764 00		462,764 00		31,351 80
Total.....	5,981,111 37	799,304 60	6,780,415 97	7,212,885 00	839,191 54	8,052,079 54	6,606,930 00	604,550 00	7,211,480 00	589,757 09	158,693 06
<b>Charitable:</b>											
Board of Charities.....	117,060 00	21,383 07	138,443 07	151,260 00	14,000 00	165,260 00	117,680 00	8,000 00	125,680 00		12,763 07
Salary classification commission.....		1,150 00	1,150 00		1,160 00	1,160 00		750 00	750 00		400 00
Fiscal Supervisor.....	63,580 00	7,085 00	70,665 00	77,350 00	4,500 00	81,850 00	71,930 00	4,500 00	76,430 00	5,765 00	1,100 00
Purchasing committee.....	3,400 00	500 00	3,900 00	2,800 00		2,800 00	2,800 00		2,800 00		
Craig Colony, SONYEA.....	215,128 98	42,500 00	257,628 98	295,000 00	28,000 00	323,000 00	291,500 00		291,500 00		33,871 02
Custodial Asylum, Newark.....	116,000 00	5,000 00	121,000 00	120,000 00	5,000 00	125,000 00	120,000 00		120,000 00		1,000 00
Eastern New York Reformatory, Napanoch.....	105,000 00	3,000 00	108,000 00	115,000 00		115,000 00	115,000 00		115,000 00	7,000 00	
Elmira State Reformatory.....	301,000 00	62,500 00	363,500 00	355,000 00		355,000 00	355,000 00		355,000 00		8,500 00
Hospital for Crippled and Deformed Children, West Haverstraw.....	27,280 00	1,000 00	28,280 00	32,000 00	3,000 00	35,000 00	32,000 00		32,000 00		3,720 00
Hospital for Tuberculosis, Ray Brook.....	67,076 67	60,000 00	127,076 67	146,000 00	18,000 00	164,000 00	46,000 00		46,000 00		51,076 67
House of Refuge, Randalls Island.....	129,386 42		129,386 42	150,000 00		150,000 00	150,000 00		150,000 00		20,613 58
Letchworth Village.....	54,200 00	14,000 00	68,200 00	68,450 00		68,450 00	66,950 00		66,950 00		1,250 00
Reformatory for Women, Bedford.....	86,450 00	17,500 00	103,950 00	110,000 00	16,500 00	126,500 00	110,000 00		110,000 00		6,050 00
Rome Custodial Asylum.....	179,389 83		179,389 83	210,000 00	25,000 00	235,000 00	209,000 00		209,000 00		29,610 17
Soldiers and Sailors' Home.....	134,033 11	175,284 60	309,317 71	335,000 00	20,000 00	355,000 00	175,000 00	160,000 00	335,000 00		25,682 29
State Agricultural and Industrial School.....	183,000 00	12,000 00	197,000 00	206,000 00	16,000 00	222,000 00	206,000 00		206,000 00		9,000 00
School for the Blind, Batavia.....	49,050 00	1,700 00	50,750 00	56,000 00	2,000 00	58,000 00	56,000 00		56,000 00		5,250 00
Syracuse Institution for Feeble-Minded Children.....	90,021 21	24,500 00	114,521 21	120,000 00	10,000 00	130,000 00	115,050 00		115,050 00		528 79
Thomas Indian School, Iroquois.....	38,100 00	2,000 00	40,100 00	44,000 00	5,000 00	49,000 00	44,000 00		44,000 00		3,900 00
Training School for Boys, Yorktown Heights.....	18,000 00		18,000 00	40,000 00		40,000 00	20,000 00		20,000 00		2,000 00
Training School for Girls, Hudson.....	107,000 00	17,174 34	124,174 34	132,000 00	18,000 00	150,000 00	132,000 00		132,000 00		7,825 63
Western House of Refuge for Women, Albion.....	59,380 00	3,000 00	62,380 00	68,000 00	6,000 00	74,000 00	68,000 00		68,000 00		5,620 00
Women's Relief Corps Home, Oxford.....	34,833 18	5,200 00	40,033 18	45,000 00	4,000 00	49,000 00	45,000 00		45,000 00		4,966 82
Total.....	2,180,369 40	476,477 01	2,656,846 41	2,878,860 00	196,160 00	3,075,020 00	2,548,910 00	173,250 00	2,722,160 00	171,403 33	106,089 74

SCHEDULE OF APPROPRIATIONS FOR THE YEAR 1913—(continued)

DEPARTMENTS	APPROPRIATION MADE BY THE LEGISLATURE OF 1912			APPROPRIATION DESIRED OF THE LEGISLATURE OF 1913			AMOUNTS RECOMMENDED BY COMMITTEE			AS COMPARED WITH 1912 APPROPRIATION	
	General Appropriation Bill	Supply Bill	Total	General Appropriation Bill	Supply Bill	Total	General Appropriation Bill	Supply Bill	Total	Recommended	
	Increase	Decrease									
<b>Protective:</b>											
Trustees of Public Buildings.....	\$ 1,000 00	\$ 4,550 00	\$ 5,550 00	\$ 1,000 00	\$ 3,800 00	\$ 4,800 00	\$ 2,000 00	\$ 4,750 00	\$ 6,750 00	\$ 1,200 00	\$ 95,350 58
Public Buildings department.....	253,350 00	97,130 58	350,180 58	253,350 00	17,800 00	271,150 00	253,350 00	1,780 00	255,130 00	.....	191,994 59
Conservation department.....	580,550 00	136,004 59	716,554 59	624,710 00	184,550 00	809,260 00	450,850 00	73,800 00	524,650 00	.....	10,000 00
Fire Marshal.....	119,020 00	.....	119,020 00	155,720 00	16,104 08	171,824 08	109,020 00	.....	109,020 00	.....	12,321 39
Public Lands.....	10,000 00	7,121 39	17,121 39	10,000 00	.....	10,000 00	4,800 00	.....	4,800 00	.....	300 00
Indian Affairs.....	8,526 67	.....	8,526 67	8,526 67	.....	8,526 67	8,226 67	.....	8,226 67	.....	34,881 00
Niagara reservation.....	40,400 00	10,881 00	51,281 00	50,400 00	43,500 00	93,900 00	41,400 00	5,000 00	46,400 00	.....	20,500 00
Saratoga reservation.....	20,500 00	.....	20,500 00	6,000 00	6,000 00	.....	.....	.....	.....	.....	.....
Palisades Interstate park.....	3,500 00	.....	3,500 00	38,500 00	.....	38,500 00	31,000 00	.....	31,000 00	27,500 00	.....
Stony Point reservation.....	600 00	500 00	1,100 00	850 00	3,950 00	4,800 00	850 00	950 00	1,800 00	700 00	.....
Watkins Glen.....	9,220 00	6,500 00	15,720 00	11,220 00	14,000 00	25,220 00	11,220 00	5,000 00	16,220 00	500 00	.....
Fire Island Park.....	7,055 00	5,000 00	12,055 00	8,055 00	10,000 00	18,055 00	7,055 00	.....	7,055 00	.....	5,000 00
Lake George Battle Ground park.....	250 00	2,050 00	2,300 00	1,250 00	1,130 00	2,380 00	250 00	630 00	880 00	.....	1,420 00
Grant Cottage.....	1,350 00	.....	1,350 00	1,350 00	.....	1,350 00	1,000 00	.....	1,000 00	.....	350 00
Sir William Johnson mansion.....	1,430 00	5,300 00	6,730 00	1,650 00	2,237 89	3,887 89	1,370 00	287 89	1,637 89	.....	5,072 11
Saratoga monument.....	600 00	.....	600 00	600 00	600 00	600 00	600 00	600 00	600 00	.....	.....
Sullivan monument.....	10,000 00	.....	10,000 00	.....	.....	.....	.....	.....	.....	.....	10,000 00
Washington's headquarters, Newburgh.....	2,850 00	1,500 00	4,350 00	4,350 00	.....	4,350 00	4,350 00	.....	4,350 00	.....	.....
Phillipse manor house, Yonkers.....	2,700 00	1,050 00	3,750 00	2,550 00	2,500 00	5,050 00	1,800 00	700 00	2,500 00	1,250 00	.....
Clinton house.....	200 00	.....	200 00	200 00	3,000 00	3,200 00	200 00	3,000 00	3,200 00	3,000 00	.....
John Brown homestead.....	500 00	500 00	.....	.....	.....	.....	.....	.....	.....	.....	500 00
Crown Point reservation.....	13,500 00	.....	13,500 00	3,500 00	8,800 00	12,300 00	1,500 00	2,500 00	4,000 00	.....	9,500 00
Letchworth park.....	5,470 00	4,250 00	9,720 00	9,170 00	17,330 00	26,500 00	6,150 00	13,220 00	3,500 00	.....	.....
Monuments Commission.....	16,000 00	.....	16,000 00	9,000 00	9,000 00	9,000 00	7,500 00	7,500 00	7,500 00	.....	8,500 00
Total.....	1,048,071 67	372,337 56	1,420,409 23	1,186,951 67	343,701 97	1,530,653 64	937,911 67	112,047 89	1,049,959 56	36,400 00	406,849 67
<b>Constructive:</b>											
Engineer and Surveyor.....	36,990 00	20,115 00	57,105 00	37,345 00	23,500 00	60,845 00	37,345 00	18,500 00	55,845 00	.....	1,260 00
Architect.....	120,890 00	7,500 00	128,390 00	173,050 00	12,800 00	185,880 00	113,910 00	.....	113,910 00	.....	14,480 00
Public Works department.....	1,000 00	6,249 95	7,249 95	1,000 00	10,550 00	11,550 00	1,000 00	550 00	1,550 00	.....	5,699 95
Higbway department.....	63,950 00	5,000 00	68,950 00	73,800 00	.....	73,800 00	57,950 00	.....	57,950 00	.....	11,000 00
Total.....	222,830 00	38,864 95	261,694 95	283,225 00	46,850 00	332,075 00	210,205 00	19,050 00	229,255 00	.....	32,439 95
<b>General:</b>											
Banking department.....	214,950 00	28,153 33	243,103 33	221,590 00	.....	221,590 00	216,090 00	.....	216,090 00	.....	27,013 33
Insurance department.....	416,810 00	22,950 00	439,790 00	440,780 00	.....	440,780 00	330,441 70	31,140 00	361,584 70	.....	78,205 30
Erroneous payment of taxes.....	1,000 00	1,000 00	1,000 00	2,500 00	2,500 00	.....	2,500 00	1,000 00	1,000 00	1,500 00	4,376 71
Redemption of lands.....	15,000 00	5,376 71	5,376 71	1,000 00	1,000 00	15,000 00	15,000 00	15,000 00	15,000 00	.....	.....
Stationery.....	175,000 00	50,000 00	225,000 00	140 00	140 00	.....	.....	.....	.....	.....	225,000 00
County treasurers.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	140 00	.....
Refund, Martin B. Hosler.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total.....	821,790 00	107,620 04	929,410 04	677,370 00	3,500 00	680,870 00	561,534 70	31,640 00	596,174 70	1,500 00	334,735 34
<b>SUMMARY</b>											
Executive.....	\$ 65,990 00	\$ 36,963 90	\$ 102,953 90	\$ 67,290 00	\$ 25,300 00	\$ 92,590 00	\$ 72,460 00	\$ 30,074 16	\$ 102,534 16	.....	\$ 419 74
Administrative.....	1,102,145 00	122,912 58	1,225,057 56	1,164,673 00	119,600 00	1,284,275 00	1,030,575 00	110,700 00	1,141,275 00	.....	\$ 3,782 56
Legislative.....	1,077,400 00	249,200 00	1,326,600 00	1,077,400 00	155,000 00	1,232,400 00	1,077,400 00	155,000 00	1,232,400 00	.....	94,200 00
Judicial.....	1,739,185 00	91,685 56	1,830,870 56	1,743,920 00	53,226 07	1,797,146 07	1,738,320 00	53,226 07	1,791,546 07	.....	39,324 49
Regulative.....	2,232,932 50	216,937 49	2,469,566 99	2,579,770 99	2,163,435 60	4,743,205 90	2,048,470 90	112,935 00	2,161,405 90	.....	308,464 09
Educational.....	7,597,774 89	210,269 40	7,808,044 29	8,168,010 00	247,016 09	8,415,026 09	7,678,700 69	204,516 00	7,883,216 69	\$ 115,008 80	39,836 40
Agricultural.....	1,137,058 80	607,670 71	1,744,729 51	1,599,558 80	1,401,759 38	3,001,318 18	1,286,218 80	556,772 15	1,842,995 98	221,200 00	122,938 56
Defensive.....	598,055 00	156,966 79	755,051 79	668,495 00	281,599 81	950,094 81	601,695 00	172,512 48	774,207 48	21,761 98	2,606 29
Penal.....	1,303,770 00	77,141 65	1,380,911 65	1,427,000 00	73,400 00	1,500,400 00	1,101,870 00	80,250 00	1,182,120 00	20,500 00	219,291 65
Curative.....	5,981,111 37	799,304 60	6,780,415 97	7,212,885 00	\$39,194 54	8,052,079 54	6,606,930 00	694,550 00	7,211,480 00	589,757 09	158,693 06
Charitable.....	2,180,369 40	476,477 01	2,656,846 41	2,878,560 00	196,160 00	3,075,020 00	2,545,910 00	173,250 00	2,722,160 00	171,403 33	106,089 74
Protective.....	1,048,071 67	372,337 56	1,420,409 23	1,186,951 67	343,701 97	1,530,653 64	973,911 67	112,047 89	1,049,959 56	36,400 00	406,849 67
Constructive.....	222,830 00	33,864 95	261,694 95	285,225 00	46,850 00	332,075 00	210,205 00	19,050 00	229,255 00	.....	32,439 95
General.....	821,790 00	107,620 04	929,410 04	677,370 00	3,500 00	680,870 00	561,534 70	34,640 00	596,174 70	1,500 00	334,735 34
Total.....	27,128,513 63	3,564,352 22	30,692,865 85	30,737,411 37	5,949,742 86	36,687,151 23	27,501,201 76	2,419,523 75	29,920,725 51	1,177,531 20	1,949,671 54

(RECAPITULATION.)

**SCHEDULE OF APPROPRIATIONS FOR THE YEAR 1913**

DEPARTMENTS	APPROPRIATION MADE BY THE LEGISLATURE OF 1912			APPROPRIATION DESIRED OF THE LEGISLATURE OF 1913			AMOUNTS RECOMMENDED BY COMMITTEE			AS COMPARED WITH 1912 APPROPRIATION	
	General Appropriation Bill	Supply Bill	Total	General Appropriation Bill	Supply Bill	Total	General Appropriation Bill	Supply Bill	Total	Recommended	
										Increase	Decrease
Executive, total.....	\$ 65,990 00	\$ 36,963 90	\$ 102,953 90	\$ 67,290 00	\$ 25,300 00	\$ 92,590 00	\$ 72,460 00	\$ 30,074 16	\$ 102,534 16	.....	\$419 74
Administrative:											
Secretary of State.....	323,400 00	2,505 30	325,905 30	336,400 00	2,500 00	338,900 00	282,700 00	1,000 00	283,700 00	.....	42,205 30
Comptroller.....	426,075 00	44,550 00	470,625 00	477,425 00	51,600 00	529,025 00	415,825 00	45,700 00	461,525 00	.....	9,100 00
Treasurer.....	33,900 00	4,000 00	37,900 00	35,900 00	500 00	36,400 00	32,400 00	4,000 00	36,400 00	.....	1,500 00
Attorney-General.....	246,210 00	69,254 26	315,464 26	239,990 00	65,000 00	304,990 00	229,990 00	60,000 00	289,990 00	.....	25,474 26
Civil Service Commission.....	59,060 00	2,600 00	61,660 00	61,460 00	.....	61,460 00	56,160 00	.....	56,160 00	.....	5,500 00
Prioting Board.....	13,500 00	.....	13,500 00	13,500 00	.....	13,500 00	13,500 00	.....	13,500 00	.....	.....
Total.....	1,102,145 00	122,912 56	1,225,057 56	1,164,675 00	119,600 00	1,284,275 00	1,030,575 00	110,700 00	1,141,275 00	.....	\$3,782 56
Legislative, total.....	1,077,400 00	249,200 00	1,326,600 00	1,077,400 00	155,000 00	1,232,400 00	1,077,400 00	155,000 00	1,232,400 00	.....	94,200 00
Judicial, total.....	1,739,185 00	91,685 56	1,830,870 56	1,743,920 00	53,226 07	1,797,146 07	1,738,320 00	53,226 07	1,791,546 07	.....	39,324 49
Regulative:											
Excise Department.....	370,505 00	27,500 00	398,005 00	431,555 00	27,000 00	458,555 00	288,355 00	20,000 00	308,355 00	.....	80,650 00
Health Department.....	182,420 00	16,090 49	198,510 49	204,500 00	32,000 00	236,500 00	150,800 00	9,500 00	160,300 00	.....	38,210 49
Labor Department.....	380,140 00	4,425 00	384,565 00	420,480 00	.....	420,480 00	371,840 00	.....	371,840 00	.....	12,725 00
Public Service Commission.....	479,827 50	8,000 00	487,827 50	493,295 90	2,000,000 00	2,193,295 90	479,965 90	.....	479,965 90	.....	7,861 60
Health Officer, Port of New York.....	245,740 00	90,250 00	335,990 00	311,750 00	50,000 00	361,750 00	239,680 00	50,000 00	289,680 00	.....	46,310 00
Department of Public Works.....	8,000 00	.....	8,000 00	8,000 00	.....	8,000 00	1,000 00	.....	1,000 00	.....	7,000 00
Superintendents of Elections.....	349,900 00	2,000 00	351,900 00	354,900 00	.....	354,900 00	292,900 00	.....	292,900 00	.....	59,000 00
Tax Commissioners.....	138,400 00	15,500 00	153,900 00	193,400 00	27,160 00	220,560 00	144,880 00	8,160 00	153,040 00	.....	860 00
Weights and Measures Department.....	26,200 00	4,000 00	30,200 00	36,320 00	.....	36,320 00	14,050 00	.....	14,050 00	.....	16,150 00
Athletic Commission.....	7,300 00	2,750 00	10,050 00	5,150 00	2,000 00	7,150 00	5,000 00	.....	5,000 00	.....	5,050 00
Institute for the Study of Malignant Diseases.....	60,000 00	36,400 00	96,400 00	60,000 00	25,275 00	85,275 00	60,000 00	25,275 00	85,275 00	.....	11,125 00
Board of Examiners of Feeble-minded Criminals and Other Defectives.....	.....	.....	22,500 00	.....	22,500 00	.....	.....	.....	.....	.....	.....
Board of Port Wardens.....	4,500 00	.....	4,500 00	10,000 00	.....	10,000 00	.....	.....	.....	.....	4,500 00
Commission to Investigate Port Conditions.....	.....	8,000 00	8,000 00	.....	27,860 00	27,860 00	.....	.....	.....	.....	8,000 00
Interstate Bridge Commission.....	.....	2,022 00	2,022 00	.....	.....	.....	.....	.....	.....	.....	2,022 00
Total.....	2,252,932 50	216,937 49	2,469,869 99	2,579,770 90	2,163,435 00	4,743,205 90	2,048,470 90	112,935 00	2,161,405 90	.....	308,464 09
Educational:											
Education department.....	6,870,940 00	74,581 40	6,945,521 40	7,190,390 00	69,205 00	7,259,593 00	6,845,780 00	85,705 00	6,931,485 00	.....	14,036 40
Alfred University, School of Ceramics.....	13,350 00	25,800 00	39,150 00	16,400 00	.....	16,400 00	13,350 00	.....	13,350 00	.....	25,800 00
Blind, deaf and dumb.....	191,984 89	30,888 00	222,872 89	389,710 00	39,811 09	429,551 09	279,570 69	39,811 00	319,381 69	96,508 80	.....
Education building.....	.....	8,000 00	8,000 00	.....	30,000 00	30,000 00	.....	15,000 00	15,000 00	7,000 00	.....
Normal schools.....	521,500 00	71,000 00	592,500 00	571,480 00	108,000 00	679,480 00	540,000 00	64,000 00	604,000 00	11,500 00	.....
Total.....	7,597,774 89	210,269 40	7,808,044 29	8,168,010 60	247,016 09	8,415,026 09	7,678,700 69	204,516 00	7,883,216 09	115,008 80	39,836 40
Agricultural:											
Agricultural department.....	479,000 00	273,323 61	752,323 61	537,140 00	536,000 00	1,073,140 00	429,560 00	302,000 00	731,560 00	.....	20,763 61
Agricultural experimental station.....	120,300 00	9,000 00	129,300 00	139,500 00	.....	139,500 00	120,500 00	16,000 00	130,500 00	7,200 00	.....
Alfred University, School of Agriculture.....	34,750 00	13,800 00	48,550 00	35,000 00	36,000 00	71,000 00	35,000 00	.....	35,000 00	.....	13,550 00
Cornell University.....	349,428 80	141,000 00	490,428 80	629,428 80	291,000 00	920,428 80	549,428 80	155,000 00	704,428 80	214,000 00	.....
Morrisville School of Agriculture.....	34,880 00	37,547 10	72,427 10	36,030 00	96,800 00	132,830 00	36,030 00	3,700 00	39,730 00	.....	32,697 10
St. Lawrence University, School of Agriculture.....	35,000 00	20,000 00	55,000 00	35,000 00	9,839 38	44,859 38	35,000 00	6,072 15	41,072 15	.....	13,927 85
Schoharie School of Agriculture.....	.....	.....	.....	50,000 00	26,600 00	76,600 00	.....	.....	.....	.....	.....
Syracuse University, College of Forestry.....	50,000 00	.....	50,000 00	103,260 00	281,000 00	384,260 00	50,000 00	.....	50,000 00	.....	.....
State fair commission.....	33,700 00	112,000 00	145,700 00	34,200 00	124,500 00	158,700 00	30,700 00	74,000 00	104,700 00	.....	41,000 00
Advisory board for promotion of agricultural education.....	.....	1,000 00	1,000 00	.....	.....	.....	.....	.....	.....	.....	1,000 00
Total.....	1,137,055 80	607,670 71	1,744,729 51	1,599,558 80	1,401,759 38	3,001,318 18	1,286,218 80	556,772 15	1,842,990 95	221,200 00	122,933 56
Defensive:											
National guard.....	556,585 00	18,860 50	575,445 50	611,945 00	128,599 81	740,544 81	557,845 00	32,012 48	589,857 48	14,411 98	.....
Naval militia.....	41,500 00	13,000 00	54,500 00	56,550 00	30,000 00	86,550 00	43,850 00	18,000 00	61,850 00	7,350 00	.....
Arsenals and armories.....	122,606 29	2,500 00	122,606 29	.....	120,000 00	120,000 00	.....	120,000 00	120,000 00	.....	2,606 29
Grand Army of the Republic, Depart' of N. Y. ....	.....	2,500 00	2,500 00	.....	3,000 00	3,000 00	.....	2,500 00	2,500 00	.....	.....
Total.....	598,085 00	156,966 79	755,051 79	668,495 00	281,599 81	950,094 81	601,695 00	172,512 48	774,207 48	21,761 98	2,606 29

**STATEMENT OF APPROPRIATIONS RECOMMENDED  
BY COMMITTEE OF INQUIRY.**

Total amount asked for in budget, 1913.....	\$63,817,123 94
Amount recommended by Committee.....	41,110,334 51

Reduction of estimates recommended by Committee .....	\$22,706,789 43
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Total appropriations, 1912.....	\$52,366,582 35
Total appropriations recommended by Com- mittee, 1913 .....	41,110,334 51

Total savings in appropriations as com- pared with 1912.....	\$11,256,247 84
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<i>Appropriations:</i>	1912.	1913.
Appropriation Bill .....	\$27,128,513 63	\$27,501,201 76
Supply Bill .....	3,564,352 22	2,419,523 75
Special Bill .....	13,579,171 01	Est. 10,000,000 00
	\$44,272,036 86	\$39,920,725 51

Contributions payable to canal fund .....	1,286.562 00	1,060,109 00
	\$45,558,598 86	\$40,980,834 51
Canal debt sinking fund....	\$4,442,263 33	
Highway debt sinking fund.	2,077,832 84	
Palisade Interstate Park sinking fund .....	137,787 32	
Saratoga Springs State Res- ervation fund .....	150,100 00	129,500 00
	\$52,366,582 35	\$41,110,334 51

The Appropriation and Supply Bill items recommended by the Committee show a reduction in eighty departments, bureaus and offices, compared with the 1912 appropriations of \$1,949,671.54. On account of the increase in the number of inmates in the hospitals and charitable institutions, arbitrary increases in wages, due



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The Appropriation and Supply Bill items recommended by the Committee show a reduction in eighty departments, bureaus and offices, compared with the 1912 appropriations of \$1,949,671.54. On account of the increase in the number of inmates in the hospitals and charitable institutions, arbitrary increases in wages, due

to legislation of 1912, and deficiencies incurred in 1912, the expenses of these hospitals and charitable institutions have increased \$761,160.42. Various other departments and institutions, including Agriculture, Agricultural Schools, Care of the Blind, Deaf and Dumb, National Guard deficiency, Educational Building and Normal Schools show a further increase this year of \$416,370.78, making the total increase in these institutions and departments over the appropriations of 1912 of \$1,177,531.20. The net reduction, therefore, in the recommended appropriations for 1913, as compared with the actual appropriations of 1912 in the Appropriation and Supply Bill, amount to \$772,140.34.

## DEPARTMENTS, COMMISSIONS AND BUREAUS OF THE STATE.

The figures in relation to each of the Departments and Bureaus of the State will be handled so far as their receipts and expenditures of moneys are concerned along the following general lines:

The appropriations for these Departments in the year 1912; the amounts asked for in 1913; and the amounts recommended by the Committee.

We had intended to go back to the year 1905 as a basis for comparison, but after beginning our work we found that there have been so many changes, caused by the organization of new departments, the taking of work from one department and placing it upon another, and the increased duties devolving upon each department, that such a comparison would be misleading and of no value whatever.

### EXECUTIVE DEPARTMENT.

The appropriations for the year 1912 were:

Appropriation bill .....	\$65,990.00
Supply bill .....	36,963.90
<hr/>	<hr/>
Total .....	\$102,953.90
<hr/>	<hr/>

Amount asked for in 1913:

Appropriation bill .....	\$67,290.00
Supply bill .....	25,300.00
<hr/>	<hr/>
Total .....	\$92,590.00
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After Your Excellency took office it became apparent that it was necessary, in order to properly audit the enormous amounts expended for repairs upon the State Capitol (the vouchers for which you are required to sign), that an Executive Auditor should be appointed who would relieve you of the necessity of examining into the vouchers submitted for your signature, as one of the members of the Board of Trustees of Public Buildings. Practically all the work upon the Capitol is done under percentage contracts, which require careful inspection of the pay-rolls and

the bills for materials used, and these items run into very large figures. It was of course impossible for you to even superficially examine those detailed figures, and yet your approval of these bills was required officially before they could be paid by the Comptroller. We therefore recommended, and you appointed, an Executive Auditor, which created a new official, but one absolutely necessary to make certain that the taxpayers be protected against excessive expenditure of the public funds.

Outside of the question of an official auditor, the duties of employees in the office of the Governor have been rearranged so that the cost to the State of conducting your Department for the coming year in the Appropriation and Supply bill will not exceed the sum of \$95,534.16, which is a saving of \$7,419.74 over the amount appropriated in 1912.

#### SECRETARY OF STATE.

The appropriations for the year 1912 were:

Appropriation bill .....	\$323,400.00
Supply bill .....	2,508.30
Total .....	\$325,908.30

Amount asked for in 1913:

Appropriation bill .....	\$336,400.00
Supply bill .....	2,500.00
Total .....	\$338,900.00

The collection of the motor vehicle tax, which is imposed by law upon the office of the Secretary of State, has necessarily resulted in a large increase in the office force and expense connected with the administration of this office.

The Appropriation bill in 1912 contained items amounting to \$214,460.00 in connection with the Motor Vehicle Bureau, but this included items for number plates, \$42,000; chauffeurs' badges, \$5,000; and refunds, \$500; a total for these items of \$47,500.

The total amount collected by this Department in the year 1912 from the motor vehicle tax was \$1,053,762.25, which netted the State, less expenses in collecting the same, \$854,374.11.

Upon its face this seems to be a very large amount for the collection of this tax. A number of suggestions have been made that the tax should be collected in the future in somewhat different manner, so that the expense of collection be reduced, and also that the owners of motor vehicles may pay the tax in their home localities to avoid delay and inconvenience.

Your Committee is of the opinion that this tax should be collected either through the Highway Department, to whom the revenues accrue for the maintenance of roads, or, if it is still to be collected by the Secretary of State, that the collections in the interior of the State should be made through the county clerks of the different counties. The payment of a small percentage of the tax, not to exceed two per cent., to the county clerks, would compensate them, and ought to reduce the number of employees now maintained at headquarters.

We are of the opinion, however, that the proper and best method of collecting the automobile tax would be through the Highway Department. The new highway law creates nine divisions outside of the city of New York (where a separate bureau would probably have to be maintained), and the automobile tax could be collected through the different division engineer headquarters of the Highway Department.

We believe that if this work of collecting the automobile tax is conferred upon the Highway Department, it will place that department in closer touch with the owners of automobiles, and that, in a sense, the entire highway force will be interested in collecting the largest revenues possible, to the end that sufficient funds may be provided for proper maintenance of the roads. In addition, the large force of inspectors and men at work upon all the different roads of the State can be made an effective agency to enforce the license law, and to protect the roads and the travellers thereon by insisting upon the rigid observance of all laws relating to the operation of motor vehicles.

The Secretary of State has special bills pending which provide for an appropriation of \$90,000, to pay inspectors. We believe that the work can be done by the Department of Highways without much additional expense, and with much more efficiency than any proposed system that can be established under the Secretary of State. We believe that the sum of \$283,700.00 is sufficient to run this department for the next fiscal year, which is a saving of \$42,208.30 over the amount appropriated in 1912.

### COMPTROLLER.

The appropriations for the year 1912 were:

Appropriation bill .....	\$426,075.00
Supply bill .....	44,550.00
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Total .....	\$470,625.00
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Amount asked for in 1913:

Appropriation bill .....	\$477,425.00
Supply bill .....	51,600.00
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Total .....	\$529,025.00
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The Legislature each year has placed a large volume of additional work upon the Comptroller's office, and in the year 1912 it imposed the additional duty of examining the accounts of all the town and village officials in the State, in addition to what was formerly required in the examination of the counties and cities.

The Legislature has also discontinued the office of the commissioners for loaning the moneys of the State and centered all of this work in the Comptroller's office. In addition, the work in the office in connection with the Corporation Tax Bureau, court and trust funds, and transfer tax, is gradually increasing, and we have proposed legislation this year requiring the Comptroller to audit all the accounts paid out of State funds. Under the present law the Comptroller's power of audit is limited to less than one-fourth of the expenditures of the State departments, and it should be extended to cover all funds. In view of the fact that this increased work has been put upon this office, and the increased work which it is fair to anticipate will be placed upon it, we believe that the Comptroller's estimates for this year are as small as can be expected, and that the sum of \$522,325.00 should be allowed therefor, an increase of \$51,700 over 1912.

### STATE TREASURER.

The appropriations for the year 1912 were:

Appropriation bill .....	\$33,900.00
Supply bill .....	4,000.00
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Total .....	\$37,900.00
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Amount asked for in 1913:

Appropriation bill .....	\$35,900.00
Supply bill .....	500.00
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Total .....	\$36,400.00
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With the natural increase of the work, and the fact that this Department shows a decrease in expenditures of \$1,500, compared with 1912, we believe that it is being conducted as efficiently and as economically as possible.

### ATTORNEY-GENERAL.

The appropriations for the year 1912 were:

Appropriation bill .....	\$246,210.00
Supply bill .....	69,254.26
<hr/>	
Total .....	\$315,464.26
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Amount asked for in 1913:

Appropriation bill .....	\$239,990.00
Supply bill .....	65,000.00
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Total .....	\$304,990.00
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We have carefully examined these figures and believe that the sum of \$289,990 will be sufficient to maintain this Department for the coming year, a saving over the year 1912 of \$25,474.26.

The work of the Attorney-General's office has increased very materially during the term of the present incumbent, due to the fact that the office has taken over a larger amount of work for

which special counsel was formerly employed, and to additional duties connected with the investigation of titles. It is our opinion that this Department is now being administered at the least possible cost. The wisdom of the policy of dispensing with the services of special counsel has been demonstrated by a large saving of unnecessary expenditures, combined with much greater efficiency in the transaction of the legal business of the State.

### EXCISE DEPARTMENT.

The appropriations for the year 1912 were:

Appropriation bill .....	\$370,505.00
Supply bill .....	27,500.00
Total .....	\$398,005.00

Amount asked for in 1913:

Appropriation bill .....	\$431,555.00
Supply bill .....	27,000.00
Total .....	\$458,555.00
Increase asked over 1912 .....	\$60,550.00

This increase was for \$40,000 additional for special agents and \$20,000 additional for legal expenses. This Department had a large amount of unexpended balances on hand, and we were of the opinion that the additional excise inspectors and the additional legal expenses should not be allowed. Taking into consideration the unexpended balances, if this Department is allowed \$308,355 it will have funds sufficient to run the department economically and efficiently during the fiscal year of 1913-14, a decrease over 1912 of \$89,650.

In 1912 the cost of this Department for legal expenses was \$73,585.78, and the amount asked for this year is \$90,000. This Department is now the only one in the State which has a numerous legal staff. Work of similar character in the Agricultural Department and the Conservation Department is carried on by the Attorney-General, and that official is of the opinion that he could effect a large saving if this work were assigned to his office.

## PUBLIC SERVICE COMMISSIONS.

### First District.

Under the statute the only expense to the State in connection with the First District Public Service Commission, is for the salaries of the commissioners, their secretary and legal counsel, amounting in all to \$91,000, the balance of the cost being paid by the city of New York. The salary list, of course, is fixed by statute.

### Second District.

The appropriations for the year 1912 were:

Appropriation bill .....	\$388,827.50
Supply bill .....	8,000.00
<b>Total .....</b>	<b>\$396,827.50</b>

Amount asked for in 1913:

Appropriation bill .....	\$402,295.90
Supply bill .....	.....
<b>Total .....</b>	<b>\$402,295.90</b>

We have carefully gone over these figures and in our opinion the sum of \$388,965.90, a saving over 1912 of \$7,861.60, is sufficient to carry on this Department for the ensuing fiscal year.

Each of these Departments asks for a very large amount of money for the elimination of grade crossings, the demand of the First Department being \$1,500,000, and the Second Department, \$500,000, a total of \$2,000,000. The cost to the State of eliminating grade crossings is very large, and the State can properly make almost any appropriation within reason, as the grade crossing eliminations under the present law practically await State aid before they are undertaken. The State will soon have to face the proposition of having some uniformity in regard to its method of handling the elimination of grade crossings. In the past, legislatures have made appropriations of different amounts, and in a number of years have made no appropriations whatever, and instead of the number of grade crossings being lessened, they are necessarily, on account of the construction of new roads, increas-

ing in number. The entire Grade Crossing Law should be revised and rewritten, and some provision should be made requiring the railroads, at their own expense, to eliminate a certain number of grade crossings each year. This has been done in other states, particularly in Connecticut, Vermont, and in a number of the western states, and similar legislation should be enacted here. In view of the condition of the State's finances we recommend the sum of \$300,000 only be allowed each district, and that a special bill be enacted providing that sum.

#### HEALTH OFFICER OF THE PORT OF NEW YORK.

The appropriations for the year 1912 were:

Appropriation bill .....	\$245,740.00
Supply bill .....	90,250.00
Total .....	\$335,990.00

Amount asked for in 1913:

Appropriation bill .....	\$311,780.00
Supply bill .....	50,000.00
Special bills .....	1,953,000.00
Total .....	\$2,314,780.00

The health officer of the Port of New York testified before our Committee that the buildings now owned by the State of New York on Swinburne and Hoffman islands, in New York harbor, were in need of very extensive repairs, that new buildings are needed and that it would cost approximately \$2,000,000 to put this quarantine station in proper condition. He also asked for a large increase in his maintenance items.

We are of the opinion that no moneys whatever should be expended this year for new buildings, and therefore that all the items in the special bill should be disallowed.

We are also of the opinion that the sum of \$289,680 will be sufficient for the maintenance of this Department during the next fiscal year, a decrease over 1912 of \$46,310. Upon the hearing the health officer further testified that in his opinion the fees charged for inspections and fumigation of incoming vessels are too small, and, at our request, he submitted to us a schedule of higher fees which he estimated would result in increasing the

revenues from \$105,789.73 to \$205,509.46. We have heretofore approved these recommendations for increased charges, and have prepared and submitted to the Legislature a bill authorizing this change.

### CIVIL SERVICE COMMISSION.

The appropriations for the year 1912 were:

Appropriation bill .....	\$59,060.00
Supply bill .....	2,600.00
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Total .....	\$61,660 00
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Amount asked for in 1913:

Appropriation bill .....	\$61,460.00
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An increase of one new employee at a salary of \$2,400 was asked for by the State Civil Service Commission, but we do not believe that this employee is necessary at the present time. In our opinion the sum of \$56,160 is sufficient to maintain this Department, which is \$5,500 less than the appropriation of 1912.

### COMMISSION ON UNIFORM STATE LAWS.

The appropriation for this Department in the year 1912 was \$2,500 and the amount asked for this year is \$5,000. We do not know of any reason why this appropriation should be increased, and recommend that there be allowed only the sum of \$2,500.

### HEALTH DEPARTMENT.

The appropriations for the year 1912 were:

Appropriation bill .....	\$182,420.00
Supply bill .....	16,090.49
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Total .....	\$198,510.49
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Amount asked for in 1913:

Appropriation bill .....	\$204,500.00
Supply bill .....	32,000.00
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Total .....	\$236,500.00
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We recommend that the amount of \$160,300 be allowed, a decrease from the 1912 appropriation of \$38,210.49.

## LABOR DEPARTMENT.

The appropriations for the year 1912 were:

Appropriation bill .....	\$380,140.00
Supply bill .....	4,425.00
Special bill .....	2,850.00
Total .....	\$387,415.00

On account of the new legislation reorganizing this Department which has been introduced and undoubtedly will become law, a great amount of additional work will be committed to the department and this will require a reorganization of its force. We would recommend that a sufficient amount of money, outside of the salaries named in the bill, be allowed this year in the supply bill, instead of putting the same in the different graded lists, so that the Department will have a right to reorganize itself upon a proper basis, and in next year's appropriation bill the items can be intelligently classified. The amounts recommended by us this year are \$371,840, a decrease of \$15,575 over 1912.

## DEPARTMENT OF PUBLIC WORKS.

### Steam Vessels Inspection.

Under the provisions of the Navigation Law there are now appointed two inspectors of steam vessels at a salary of \$3,000 each, together with \$1,000 each for traveling expenses, making a total appropriation of \$8,000.

While there are several vessels upon the inland waters of the State that are not inspected by the Federal Government, which probably require inspection by State officials, yet the number of these vessels is so small that the work could be done by one person, and he should be paid out of the fees collected by him. Our recommendation is that the number of inspectors be reduced to one; that the items in the appropriation bill be cut out, and that the law be amended so as to provide that the inspector shall have right to retain fees to the amount of \$4,000, of which amount \$3,000 shall be for salary, \$1,000 for necessary expenses, and the balance of said money shall be turned over by him to the Comptroller of the State. This will result in a saving of \$8,000 over the appropriation of 1912.

## SUPERINTENDENT OF ELECTIONS.

The appropriations for the year 1912 were:

Appropriation bill .....	\$349,900.00
Supply bill .....	2,000.00
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Total .....	\$351,900.00
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Amount asked for in 1913:

Appropriation bill .....	\$354,900.00
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There was a large amount of unexpended balances in the funds of this Department at the close of the last year, and we are of the opinion that the sum of \$292,900 will be sufficient to economically and efficiently run the Department for the next fiscal year. This is a decrease from the 1912 appropriations of \$59,000.

The law under which this Department is working is practically new. For many years each Legislature vied with its predecessor in inventing new restrictions upon the right to vote in the city of New York. The Legislature of 1910 enacted a uniform election law which extended most of these restrictions to the up-State districts. It has been disclosed in our examination that there is considerable opposition to the restrictive provisions of the present election law, and also to certain expenses for printing and advertising which it puts upon localities. While we believe firmly that all provisions and requirements of the election law ought to be uniform throughout the State, we hold that it is better public policy to repeal the unreasonable restrictions placed upon the voters of the city of New York than to extend these restrictions to other voters.

There are now pending in the Legislature certain amendments to the election law, reducing the cost to up-State counties, which we thoroughly approve, and the passage of which we recommend.

### TAX COMMISSIONERS.

The appropriations for the year 1912 were:

Appropriation bill .....	\$138,400.00
Supply bill .....	15,500.00
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Total .....	\$153,900.00
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Amount asked for in 1913:

Appropriation bill .....	\$193,400.00
Supply bill .....	27,160.00
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Total .....	\$220,560.00
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The work of this Department has been increasing. We have gone carefully over the figures of the Tax Commissioners and we believe it is necessary to allow this Department this year the sum of \$223,240, being an increase over the year 1912 of \$69,340.

There were twenty-three amendments to the Tax Law passed in 1911, most of which became operative in 1912, imposing additional duties upon the Board. Three of these provide for establishing tax maps in 926 towns; collecting and revising tables of percentage from all boards of supervisors; and equalizing special franchise valuations. Besides these new duties, the Board has general supervision over local assessing officers; is a board of review in county equalization matters; is charged with the enforcement of the Mortgage Tax Law; and is required to furnish blanks, advice and instruction to the assessing officers in 49 cities, 455 villages and 926 towns.

The duty of equalizing special franchises is the most important branch of the department, as the Board must ascertain the rate of assessment of real property in every city, town and village in the State, amounting to 1,430 tax districts in all. In 1912 there were 8,193 valuations made.

## WEIGHTS AND MEASURES DEPARTMENT.

The appropriations for the year 1912 were:

Appropriation bill .....	\$26,200.00
Supply bill .....	4,000.00
<b>Total .....</b>	<b>\$30,200.00</b>

Amount asked for in 1913:

Appropriation bill .....	\$36,320.00
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This Department originally cost the State the sum of only \$300 per year, but since the advent of the present incumbent has gradually increased its force, until it now consists of a Superintendent, two deputies, two special deputies and ten other employees and this year asks for an appropriation of \$36,320.

We believe that this Department has become expensive out of proportion to its usefulness. Every city and county in the State has its own sealer of weights and measures. The duty of enforcing the laws establishing standard weights and measures, and of prosecuting violators of those laws, is imposed upon these city and county officials, and the power of the State Department is limited to a general supervision of their work.

The principal duties of the traveling inspectors of this department appear, from the testimony of the Superintendent of Weights and Measures, to be in instructing local officials in their duties, rendering them assistance when disputes arise over the accuracy of the standards, and advising how to get evidence against violators, besides which considerable correspondence is handled in the office.

The proposition that the laws against the use of fraudulent weights and measures should be rigidly enforced is agreed to by every one, and that great improvement in conditions has resulted in recent years from the agitation of this subject must also be conceded, but we believe that the correct policy of the State would be to hold local authorities strictly responsible for the performance of their duties, rather than to maintain large and expensive State bureaus first to instruct them and then to watch them while at work. We recommend that the sum of \$14,050 be allowed this year, a decrease over 1912 of \$16,150.

### STATE ATHLETIC COMMISSION.

The appropriations for the year 1912 were:

Appropriation bill .....	\$7,300.00
Supply bill .....	2,750.00
<b>Total .....</b>	<b>\$10,050.00</b>

The act creating this Department, expressly provides that the expense of administration shall not exceed the sum of \$5,000 per year, and the appropriations last year were in excess of the amount fixed by the statute. The fees collected last year were considerably in excess of the statutory allowance, but unless the act is amended the sum of \$5,000 is all that can be appropriated, a decrease of \$5,050 over 1912.

### INSTITUTE FOR THE STUDY OF MALIGNANT DISEASES.

The State has erected a building in the city of Buffalo for the use of the "Institute for the Study of Cancer and Malignant Diseases," and the building erected under the appropriation of 1912 is now nearly completed. It is necessary, of course, that this building shall be finished, its equipment installed and its maintenance provided for. This will require an appropriation this year of \$85,275 as against appropriations last year of \$96,400.

While this institution does effective work, and its object is commendable, it should never have received an endowment of State funds, and it is another example of the careless way in which burdens have been heaped upon our taxpayers.

### THE BOARD OF EXAMINERS OF FEEBLE-MINDED CRIMINALS AND OTHER DEFECTIVES.

By chapter 445 of the Laws of 1912, this Board was created for the purpose of making an examination of feeble-minded criminals, and other defectives, and it has very important and enlarged powers. In our opinion, this is an experiment on which the State should never have entered. It is one of many classes of work that is being continually urged on the State, involving large expenditures of money. This policy, if continued, will

eventually bankrupt the State. As this Board has not yet received any appropriation for its work, we believe that this is the right time to stop and that the act should be repealed.

### BOARD OF PORT WARDENS OF THE STATE OF NEW YORK.

This Board, consisting of seven members, appointed by the Governor, has cognizance of certain matters connected with vessels arriving at the port of New York. Their compensation is provided for by fees collected from ship-owners.

The State ought not to be called upon to make any specific appropriation. We, therefore, recommend that none be allowed.

### INTERSTATE BRIDGE COMMISSION.

In the proposed Appropriation Bill this Commission asks for the sum of \$27,860. A Special Bill, however, has been introduced to provide for their expenses in connection with the work for the interstate bridge, and we recommend that this item be taken out of the Appropriation Bill.

### EDUCATIONAL.

In the Comptroller's tabulation of appropriations for educational purposes there are included amounts for the Department of Education, the maintenance of the School of Ceramics at Alfred University, and for the support and instruction of the blind, deaf and dumb in various institutions. The total appropriations in 1912 for these three subdivisions were:

#### *Department of Education and Normal Schools:*

Appropriation Bill .....	\$7,392,440 00
Supply Bill .....	153,581 40
Special Bills (including amounts for completion of building and purchase of books for library) .....	1,588,000 00
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	\$9,134,021 40

#### *Support and Instruction of Blind, Deaf and Dumb:*

Appropriation Bill .....	\$191,984 89
Supply Bill .....	30,888 00
	-----
	222,872 89

*School of Ceramics at Alfred University:*

Appropriation Bill .....	\$13,350 00
Supply Bill .....	25,800 00
	—————
	\$39,150 00
<b>Total .....</b>	<b>\$9,396,044 29</b>
	—————

The amounts asked for in 1913 are:

*Department of Education and Normal Schools:*

Appropriation Bills .....	\$7,761,870 00
Supply Bill .....	207,205 00
Special Bills .....	730,000 00
	—————
	\$8,699,075 00

*Support and Instruction of Blind, Deaf and Dumb:*

Appropriation Bill .....	\$389,740 00
Supply Bill .....	39,811 09
	—————
	429,551 09

*School of Ceramics at Alfred University:*

Appropriation Bill .....	16,400 00
<b>Total .....</b>	<b>\$9,145,026 09</b>
	—————

Included in the schedule of appropriations requested by the Department of Education this year is a Special Bill providing \$700,000 for the purchase of books for the State Library.

Inasmuch as a large part of the amount appropriated last year was not expended, and there is now stored in the basement of the new Education Building, a considerable portion of the books that were purchased, we believe that the sum of \$100,000 will be a sufficient sum to appropriate this year to provide all the new books the library force can properly care for. If our recommendation is approved by the Legislature, the reduction in this item will therefore be \$600,000.

Your Committee recommends that the following appropriations of funds will be sufficient during the coming year:

*Department of Education and Normal Schools:*

Appropriation Bill .....	\$7,385,780 00
Supply Bill .....	164,705 00
Special Bills .....	130,000 00
	—————
	\$7,680,485 00

*Support and Instruction of Blind, Deaf and Dumb:*

Appropriation Bill .....	\$279,570 69
Supply Bill .....	39,811 00
	—————
	\$319,381 69

*School of Ceramics at Alfred University:*

Appropriation Bill .....	13,500 00
Total .....	—————
	\$8,013,366 69
	—————

Your Committee could not in the very brief time at its disposal make an exhaustive examination of the numerous branches of work conducted by the Department of Education. Our Chief Examiner was allowed by the Committee only a few days to superficially inquire into the general plan of administration, in which task he was afforded generous assistance by the officials of the department, but we realized that a thorough examination would require several months and therefore went only far enough to enable us to understand the purpose of the various divisions, so as to intelligently consider and decide upon the lowest amount necessary to be appropriated.

The Committee itself also made an inspection of the new Educational Building, conducted public hearings and had many conferences with officials of the Department this year.

As a result of such examination as we have made, we are of the opinion that a thorough investigation should be made to determine the value of several expensive features of the work, generally established by special acts of the Legislature, and the propriety of such work being borne by the State; and also to ascertain if it is not possible to utilize the information stored in some of the technical divisions for the benefit of other departments.

The whole subject of the educational work is so important to the people that we do not believe it should be dealt with in a superficial way, and, therefore, we refrain from making any specific recommendations and merely confine ourselves to the suggestion that the proposed examination be made.

### AGRICULTURE.

The efforts and expenditures of the State to improve agricultural conditions should properly be classified in two divisions, namely, protective and educational.

The protective division now embraces the duties and expendi-

tures of the Department of Agriculture, which also includes such educational features as Farmers' Institutes, Farm Bureaus, local county fairs that receive State funds and partial responsibility for the management of the State Fair at Syracuse. In this division should also be put the Agricultural Experiment Station at Geneva.

The educational division embraces the activities and expenditures of the New York State College of Agriculture at Cornell, and the secondary schools of agriculture at Alfred University, St. Lawrence University, Morrisville, Cobleskill and Long Island. Under this head also may be considered the various efforts to promote the study and practice of scientific forestry, which engages the attention of the State College of Agriculture at Cornell, the State College of Forestry at Syracuse University, and the Conservation Commission.

The total expenditures for all of these subjects during the year 1912 were as follows:

Appropriation Bill . . . . .	\$1,137,058 80
Supply Bill . . . . .	607,670 71
Special Bills . . . . .	887,000 00
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Total . . . . .	\$2,631,729 51
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#### Amounts asked for in 1913:

Appropriation Bill . . . . .	\$1,599,558 80
Supply Bill . . . . .	1,401,759 38
Special Bills . . . . .	421,000 00
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Total . . . . .	\$3,422,318 18
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In order to properly present the different activities in this line of work it is necessary to discuss them under their separate heads.

#### Agricultural Department.

The appropriations for the year 1912 were:

Appropriation Bill . . . . .	\$479,000 00
Supply Bill . . . . .	273,323 61
Special Bills . . . . .	200,000 00
<hr/>	<hr/>
Total . . . . .	\$952,323 61
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Amounts asked for in 1913:

Appropriation Bill . . . . .	\$537,140 00
Supply Bill . . . . .	536,000 00
Total . . . . .	\$1,073,140 00

We have carefully gone over these figures with the Commissioner, and believe that the sum of \$731,560 will be sufficient to carry on the work of this Department for the coming year, a decrease from 1912 in the Appropriation and Supply Bills of \$20,763.61. The specific items connected with these matters will be discussed later on.

This Department has to do primarily with the enforcement of the laws relating to agriculture; diseases of animals; production and marketing of dairy products; sanitary conditions under which they are produced; inspection of all nurseries and nursery stock; enforcement of the pure food laws and of the laws against the fraudulent sale of oleomargarine; and the inspection, branding and analysis of manufactured cattle feeding stuff and chemical fertilizers.

The organization of the Department at present includes a first assistant commissioner and seven other assistant commissioners, located in separate offices in different parts of the State. After investigation, we believe that some of these offices are unnecessary, and that four deputy commissioners would do all the work. The Commissioner of Agriculture has prepared legislation that will permit him to make the reductions we suggest and we recommend that it be passed.

The inspection, analysis and branding of fertilizers and chemical feeding stuff, and the inspection of nursery stock, involves a large expense. The Commissioner of Agriculture has recommended legislation increasing the fees to be charged for this service, and this, with other revenues suggested by him, will make his Department practically self-sustaining, and we approve this legislation.

Among the important matters confided to the Department of Agriculture is the examination of cattle for tuberculosis, and of horses for glanders, and the destruction of animals afflicted with these diseases. The State pays the owners of tubercular cattle and glandered horses thus destroyed from 50 to 80 per cent. of their appraised value. This payment has now become a large item of expense, amounting to \$250,000 last year, and the whole

subject is a difficult one for the Department to handle. The Committee carefully considered the matter with the Commissioner, and it appears plain to us that, for the protection of humanity, as well as healthy animals, the inspection must be extended and diseased animals must be destroyed. Since protection to life is the necessity, it seems to us that the State should not be required to pay a penalty for removing a menace to life. It is conceded that cattle completely infected with tuberculosis produce infected milk and diseased offspring and are therefore valueless to the owner, and it is also conceded that horses infected with glanders are without value to the owner. In our opinion no compensation should be made by the State when such animals are destroyed. It appears, however, that cattle in which the disease is localized to only one organ do produce healthy offspring and thus have a value. The Commissioner advised that it would be too radical a change to completely abolish all payments, and therefore we recommend that the law be changed so that in future the payment for cattle having generalized tuberculosis be reduced to \$15 for each animal, the payment for cattle having only localized tuberculosis be continued as at present, and the payment for glandered horses be discontinued entirely. We recommend the passage of the amendments to the law prepared and sent to the Legislature by the Commissioner of Agriculture at our request.

The State for several years has made an appropriation of \$250,000 which has been distributed among certain fair associations of the State. Formerly the receipts of the racing associations were used for that purpose, but upon the repeal of that law, the State appropriations came into existence. We believe that the time has come when these appropriations should cease. Section 9 of article 8 of the Constitution provides, that "neither the credit nor the money of the State shall be given or loaned to or in aid of any association, corporation, or private undertaking." The State now is expending a large amount of money in connection with its State Fair, and localities should be made to take care of their own local fairs and should not receive State aid. These payments to private fair associations seem to be plainly forbidden by the provisions of the Constitution as long as the associations are private corporations, as at present, and in addition it is clearly inequitable to ask the State as a whole to pay for institutions purely local in their character.

We do not desire in any way to discredit the good work undertaken by county fair associations, but the provision of the Constitution we have quoted was expressly designed to prevent the distribution of State funds to such private enterprises, and its rigid enforcement is absolutely necessary to prevent the tax upon the people rising higher every year. It will be necessary this year to appropriate \$250,000 to reimburse fair associations for premiums paid by them in the fall of 1912, with the understanding that they would be reimbursed; but we recommend that the law should be changed so that all appropriations for this purpose be discontinued.

For a great many years the Agricultural Department has had appropriations for the holding of farmers' institutes, which are purely educational in their character, and are properly included in the extension work in agriculture. A proper division of the functions connected with the agricultural interests of the State should simply impose upon the Commissioner of Agriculture the enforcement of the agricultural laws, and we do not believe that in the future any work in regard to teaching or extension work should be undertaken by his Department. We therefore recommend that appropriations for farmers' institutes under the protection of the Commissioner of Agriculture should cease.

The present Commissioner of Agriculture has made important recommendations to us along other lines of work, and we believe that a reorganization of his Department as he suggests will produce economy, create revenue and bring the Department to a higher standard of efficiency, and we recommend that the legislation proposed by him be enacted into law.

#### New York State College of Agriculture at Cornell University.

This college is one of the land grant colleges of the country, established under the provisions of the Morrill Land Grant Act, and is supported by the State government, and also receives some support from the National government, and is designed to be the real head of the system of agricultural teaching in the State. Already the State has expended very large sums of money in the erection of buildings, and in the maintenance of this college, and can feel proud of the fact that under the direction of Dean Bailey it undoubtedly has at present the best agricultural college in the world.

The importance of increasing the agricultural products of the State is one of our most serious problems, and is conceded by everyone to be one of the most important questions now before our people, and all the support possible should be afforded the State College of Agriculture to assist in accomplishing this purpose. The increase in the number of students at the college has been enormous, and to-day there are about 2,000 boys and girls enrolled as students.

The college also does a large amount of work in the way of assisting individual farmers, and in co-operating with all the agricultural interests of the State, by means of farmers' meetings, farm trains, schools in interior counties of the State, issuing bulletins, and visits to different sections of the State by members of its staff, and these activities extend to and reach practically every important agricultural interest in the State.

The cost of maintenance is, of necessity, growing larger each year, and the money must necessarily be appropriated by the Legislature.

In 1912 the total appropriations in connection with the New York State College of Agriculture were actually \$788,000, but in addition the board of trustees was authorized to make contracts for \$129,000 additional, in all \$917,000. We recommend this year that the sum of \$600,000 be allowed in the Appropriation and Supply Bills. This amount includes the additional cost of maintenance, but does not provide for the equipment of buildings already erected under the authority of the Legislature. In order to provide payment for contractual liabilities authorized by the Legislature of 1912 for new buildings, amounting to \$129,000, to furnish equipment for present buildings already constructed or undergoing construction, and for extensions and additions to present buildings and groups of buildings, the college this year will require an additional sum of \$334,000, which should be provided for in a special bill. We do not deem it wise to recommend the erection of any large new buildings, until the present group of buildings already under construction is completed.

#### Secondary Schools of Agriculture.

Outside of the State College of Agriculture there has already been authorized by the Legislature the creation of five secondary schools of agriculture, one located at Alfred University, one at

St. Lawrence University, one at Morrisville, one at Cobleskill, and one on Long Island.

Successive Legislatures have established these schools, and it would perhaps be presumptuous for us to declare that the action was unwise, but the fact has come out very clearly in our examination that these numerous schools are going to add a great item of expense to the State budget, and the benefit to be derived therefrom cannot yet be estimated to be very large. They should be confined strictly to secondary education of agriculture, and should not be permitted to go into extension or experimental lines of work.

The schools already provided are more than enough to satisfy all the needs for special education in agriculture, and no more new schools should be authorized by the Legislature. There have already been bills introduced in the present session to establish five more of these schools, and if these are authorized and the policy continued we may expect that every county in the State will demand an agricultural school, entailing a huge additional burden of expense. At the State College of Agriculture at Cornell, the State has provided for the training of teachers of agriculture, and the State should not undertake to do any more. The common schools in the more populous communities should utilize the services of these trained instructors, and by co-operation less populous communities can secure teachers for at least part of the year for special classes, and thus the benefits of what the State has already done can be enjoyed by practically all.

The present secondary schools of agriculture all have separate boards of managers. Morrisville and Cobleskill and Long Island are controlled by State boards, and at St. Lawrence University and at Alfred University the management is by the board of trustees of those universities. The schools are State schools, but are being treated at present as local in their character, although they are supported entirely by State funds. We believe that this system is wrong, and that there should be one State board of trustees having control of all the secondary schools, so as to provide for a uniform system of education, and the limitation of their work to their proper functions, and we recommend legislation to this end.

In 1912 the appropriations for the secondary schools of agriculture were as follows:

Alfred University . . . . .	\$48,550 00
Morrisville . . . . .	72,427 10
St. Lawrence University . . . . .	55,000 00
Long Island (purchase of land) . . . . .	50,000 00
 Total . . . . .	 \$225,977 10

No provision was made for the Cobleskill School of Agriculture, the original appropriation having been made in 1911 for the purchase of land and erection of buildings.

The amounts asked for this year and the amounts recommended by us in connection with these schools are as follows:

	Asked for	Recommended
Alfred University . . . . .	\$71,000 00	\$35,000 00
Morrisville . . . . .	132,830 00	39,730 00
St. Lawrence University . . . . .	44,859 38	41,072 15
Cobleskill . . . . .	76,600 00	.....

A special bill in connection with Long Island Schools is now before the Legislature asking for \$704,500 for construction purposes.

### EXTENSION WORK.

The educational work in relation to agriculture consists of the teaching done in the State Colleges and Secondary Schools, and the extension work of furnishing agricultural education and agricultural information to the citizens of the State in their own homes or communities.

This extension work in connection with agriculture is of great value to our people. It is conducted in many ways, some of which are farm bureaus, farm institutes, farm experimental trains, summer and winter schools, lectures, the issuing of bulletins, etc. This extension work, in some degree, is now being undertaken by not only the schools of agriculture but by a number of the State departments, and some steps should be taken at once to centralize the work, so as to eliminate some of the present duplication of effort and expense in connection therewith.

By chapter 785 of the Laws of 1907 there was created the "New York State Agricultural Advisory Board," which had for its object the promotion of agricultural education and the advancement of country life, and this Board was directed to report directly to the Governor on or before the first day of February. This Advisory Board is made up of the leading men connected with agriculture in the State of New York, and we believe the problems relating to the extension work of the State, and other matters heretofore suggested by us, should be referred to this Board, and that they should be asked to make a careful study of the same, and to make a report to you with their recommendations prior to the beginning of the next Legislature, so that proper legislation can be taken up for consideration.

### STATE FAIR COMMISSION.

The appropriations for the year 1912 were:

Appropriation Bill . . . . .	\$33,700 00
Supply Bill . . . . .	112,000 00
Special Bills . . . . .	200,000 00
Total . . . . .	\$345,700 00

The amounts asked for this year are:

Appropriation Bill . . . . .	\$34,200 00
Supply Bill . . . . .	124,500 00
Total . . . . .	\$158,700 00

We have gone over these figures carefully and are of the opinion that the sum of \$104,700 is sufficient to provide the State Fair Commission this year with the funds necessary to run the department in an efficient and economical manner.

The State Fair Commission is asking for the appropriation of a large amount of money for new buildings on the fair ground at Syracuse, and there is no doubt that the fair would be much more attractive and of wider usefulness if the buildings are provided. We believe, however, that the money necessary should be provided for in a bond issue rather than by direct appropriations, and we would recommend that this course be adopted in the future in con-

nection with the improvements at the State Fair. We would also recommend that the matter be taken up at once and the State Fair be completed as soon as possible upon the plans now proposed.

It has been suggested to us that the policy of paying the members of the State Fair Commission should be changed. The interest in this institution is so great that we thoroughly believe that the best people interested in agriculture and manufacturing in the State can be induced to accept honorary positions on the Board of Managers. If the personnel of the Commission were changed so as to provide for the appointment of one member from each judicial district of the State, such a commission could employ and maintain a permanent force to take care of the fair grounds and perform the detail work. We believe that such a plan would make the State Fair better known to manufacturers as well as farmers, and might result in an annual exposition of agriculture and manufactures that would be of great practical value. We recommend that this question be also submitted to the Advisory Board of Agriculture for consideration and report.

#### NEW YORK STATE COLLEGE OF FORESTRY AT SYRACUSE.

The act creating this college provides that the trustees of Syracuse University shall have the naming of a majority of the trustees of this college. An objection was raised to making appropriations to this institution on account of such private control of the Board of Trustees, but we are advised that an act has been submitted to the Legislature and is now pending which amends the charter of the College of Forestry and provides that the trustees shall all be appointed by the Governor, thus giving the State complete control of the college.

In our examination the dean of this college testified that they had now enrolled 160 students, and that the cost of maintenance must, therefore, be considerably increased:

In the year 1912 the Legislature appropriated fifty thousand dollars for the maintenance of this college, and this year an additional amount is asked for a new building and for maintenance, but there are also included several items for extension work, which we believe can be at least postponed until the organization of the college is completed.

We have, therefore, recommended that the sum of fifty thousand dollars, the same amount as last year, be appropriated in a lump

sum, which will provide for the increased cost of maintenance of the larger number of students, and if there is a surplus it may be used for such other work as the faculty may decide.

We have heretofore recommended that the general policy of extension work be referred to the New York State Agricultural Advisory Board, and we would also suggest that the question as to the general policy of future extension work in forestry also be submitted to same board for its consideration, and that they be requested to confer with experts in this line of work as to said policy. Until a definite policy is established we recommend that the Conservation Commission and other agencies cut down the amount of expenditures for extension work in forestry.

#### NATIONAL GUARD.

The appropriations for the year 1912 were:

Appropriation Bill . . . . .	\$598,085 00
Supply Bill . . . . .	156,966 79
Special Bills . . . . .	66,500 00
Total . . . . .	\$821,551 79

Amount asked for in 1913:

Appropriation Bill . . . . .	\$668,495 00
Supply Bill . . . . .	281,599 81
Total . . . . .	\$950,094 81

Our investigation in this Department disclosed the fact that the former Adjutant-General had expended large amounts of money in excess of his appropriations, and, without authority, deducted these amounts so expended from the funds available during the fiscal year of 1912-1913, and had depleted these funds to such an extent that it became necessary for the Adjutant-General to ask for the passage of a special bill appropriating \$175,000 for the purpose of immediately raising funds to maintain his office.

We have carefully gone over the figures for the next fiscal year, which have been revised by the Adjutant-General, and we are of the opinion that, in addition to the special appropriation of \$175,000, the sum of \$774,207.48 should be appropriated this year, a saving from the year 1912 of \$47,344.31, eliminating the deficiency bill above mentioned.

## PENAL INSTITUTIONS.

Connected with the penal institutions of the State are the following boards and departments:

The State Superintendent of Prisons, who is a constitutional officer;

The Commission of Prisons, which is provided for in the Constitution, now consisting of seven members;

The Board of Parole, consisting of three members, two of whom are appointed by the Governor;

The Board of Classification, composed of the Fiscal Supervisor of State Charities, the State Commission of Prisons, the Superintendent of Prisons and the Lunacy Commission, in all twelve members;

The Commission on New Prisons, consisting of five members.

Each of these commissions, boards and officers have certain official duties connected with the State prisons, and, in our opinion, in order to promote efficiency and economy, all of them should be abolished except the State Superintendent of Prisons and the Commission of Prisons, which should hereafter consist of only three members, and to the new Commission of Prisons should be delegated all the powers now exercised by the other bodies proposed to be abolished.

The amounts asked for this year by the commissions and boards proposed to be abolished are as follows:

Probation Commission . . . . .	\$15,250 00
The Commission of Prisons. . . . .	21,200 00
Board of Parole. . . . .	9,200 00
Board of Classification. . . . .	1,700 00
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Total . . . . .	\$47,350 00
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The Commission of Prisons, the Probation Commission, the Board of Classification and the Board of Parole are all now allowed separate office and traveling expenses, and each have a number of employees which, in a way, are duplicating their efforts. The Prison Commissioners are now paid at the rate of

\$10 a day for each day's service rendered, and their traveling expenses. We believe that the three new Prison Commissioners to be appointed to take the place of the present members of the commissions and boards as aforesaid should be paid a salary of \$5,000 a year, and should be required to give their entire time and attention to the work now performed in a perfunctory way by these different boards and commissions.

There are only about 4,600 convicts in the State prisons, and it seems absurd that there should be boards and officers containing twenty-eight officials having diversified powers in connection with the inmates of these institutions. By amalgamating these boards and bureaus a large amount of office expenses, traveling expenses, and expenses of employees can be eliminated.

The prisons of the State now consist of: Auburn Prison, Sing Sing Prison, Clinton Prison, Great Meadows Prison, Dannemora Hospital for Insane, Matteawan Hospital for Insane Criminals, the Prison for Women, the State Farm for Women.

### New Prisons

There is at present and has been in the past an agitation in favor of building a new prison near the city of New York, and the abandonment of Sing Sing Prison.

We have not had time to make a very careful study of this situation, but it seems clear that Sing Sing Prison is antiquated and unsanitary, that the land upon which it is located is too restricted in area and no more can be procured, and that therefore a new prison ought to be located upon a tract of land of enough acreage to employ the labor of some of the prisoners in farm work.

At Wingdale the State already owns a large tract of land which is valuable. A contract for building a prison on this site was awarded in 1910, but cancelled in 1912, and large damage paid to the contractors. Some statements were made to us about the circumstances surrounding this abandonment which we did not have time to investigate, nor did we have time to personally inspect the site. We are convinced, however, that the site ought not to be permanently abandoned without further investigation by the Legislature. Either at Wingdale or some other place accessible to New York city a modern prison ought to be constructed, and the proper location should be determined at once.

Our attention has also been called to the proposed prison farm for women at Valatie. A large tract of land has been purchased

and plans have been prepared for the erection of a large number of cottages. This proposed prison farm will require the expenditure of about \$3,000,000.

Before any more money is spent in connection with this proposition, we believe that a most thorough investigation should be made as to the cost of the completion of this prison, the advisability of constructing the same, and whether or not some plan can be adopted that will secure all the benefits promised for a smaller expenditure.

We suggest that all buildings in connection with the proposition be abandoned until it is definitely settled as a State policy as to what shall be the methods of construction adopted. There are no buildings completed in which inmates can be housed, but there is a warden and some employees, and the warden's residence is completed. The Legislature is asked to appropriate the sum of \$30,000 for maintenance and repairs. We recommend that the warden and all the employees be discharged and the property be placed in charge of a caretaker at an expense of not to exceed \$1,000 a year.

### Prisons Should Be Self-Sustaining.

The most important proposition connected with the prisons is the problem relating to the cost of maintenance.

It is the judgment of many previous investigators, and also our own judgment, that the industries in the prisons should be so organized that the prisons would be self-sustaining. During our examination both Mr. F. H. Mills, the Sales Agent, and the Superintendent of Prisons testified that in their opinion the prisons can be made self-sustaining, except that the present theory of the law, as they construed it, requires that more than one-half of the prisoners be kept upon unproductive work for the purpose of giving them such industrial training that they would be enabled to earn a living when they are released, and for that purpose there had been created in the prisons a large number of different industries as training schools which were in themselves a source of expense and not of profit. The present provisions of the statute would seem to indicate that the Superintendent of Prisons should employ the men who are serving first terms along the lines of industrial training and instruction. The interpretation placed upon this statute by the Superintendent was that he was compelled to teach these prisoners technical trades. In our

judgment he might just as well have construed the statute that teaching this class of prisoners modern methods of agriculture would better fit them for the task of earning an honest living when they are released than an attempt to teach them an industrial trade would do.

We are also of the opinion that a very careful study should be made of the utilization of prisoners in farm labor whereby the needs of not only the Prison Department but of other State institutions for farm products should be supplied.

Under the present law all municipal bodies of the State are required to purchase of the prisons any articles made in the State's prisons, and there are a number of industries now connected with these institutions. With a careful study of the demands of public institutions there is no reason why the manufacturing industries of the prisons should not be placed upon the basis of supplying the demands for such things upon which a fair profit could be made. We recommend that, if necessary, legislation be enacted providing for the working of the prisoners in the State institutions for the purpose of making them self-sustaining.

The State hospitals for the insane last year paid out for butter alone approximately the sum of \$400,000, and the dairy products used in the State hospitals, charitable institutions and prisons undoubtedly amount to more than \$1,000,000 a year.

If dairy products could be produced upon the State farms with convict labor, there ought to be an enormous saving made in these articles, and the inmates who would be employed in doing this class of work would be greatly benefited, if employed out of doors.

At present the earnings of the prisons are carried in an account known as "The Prison Capital Fund," and from time to time the surplus of these earnings is paid into the general funds of the State. We are of the opinion that these earnings should be applied toward the cost of maintenance, and that legislation should be passed permitting their use for that purpose under proper restrictions.

We desire also to call particular attention to another fund known as "The Convicts' Deposits and Miscellaneous Earnings Fund." In this fund is deposited the money which convicts have when they enter the prisons, and there is credited their earnings during the time they are in the prison. At present these funds, so far as we can learn, are subject to no audit whatever.

## STATE HOSPITAL COMMISSION AND STATE CHARITABLE INSTITUTIONS.

At present in this State there are fourteen hospitals for the insane, and twenty-one institutions under the charge of the State Board of Charities. In addition, the State also contributes to the support of eleven institutions for the care of the blind, deaf and dumb.

Each and every one of these different institutions is governed by a board of managers appointed by the Governor, and these boards of managers are in a way practically independent of control by any State body, and have practically the charge of the expenditures of State funds, the employment of labor in the institutions, and direct the general policy of the institutions.

The State Hospital Commission, appointed by the Governor, has only advisory power over the State hospitals and the expenditure of some of the funds connected therewith. The State Board of Charities has only advisory powers over the State charitable institutions, and while there is a Fiscal Supervisor of Charities, who arranges for the purchase of supplies by contract, his sole power relates to the procuring of bids, and he has very little to do with the amount of supplies purchased or the paying for the same.

The deaf, dumb and blind institutions are practically all private institutions to which the State contributes for the support of inmates committed thereto. The cost to the State of these different institutions is growing tremendously in amount, and this year the State hospitals are asking for the sum of \$11,792,704.54. The charitable institutions are asking for the sum of \$5,082,244.50, and the blind, deaf and dumb institutions are asking for \$429,551.09.

### State Has Little Control Over Expenditures.

Over the control of the expenditure of these enormous sums of money the State directly has practically very little, if anything, to say, and it is extremely necessary that these institutions be combined under some general State head whereby the State itself will direct the policy of the institutions and the expenditure of the moneys appropriated.

The boards of managers connected with these institutions generally look upon the institutions as being local in character, and are continually demanding enormous sums of money for new buildings, improvements and betterments, and additions of land thereto. The cost of housing the inmates under present conditions is enormous, and the cost of maintenance is also very high. With a State policy securing entire supervision and control, we thoroughly believe that great savings can be made and that problems effecting economies and efficiency can be satisfactorily solved.

At present while the State Lunacy Commission has a purchasing board, yet the evidence before us showed that at least 25 per cent. of the supplies were bought by the stewards of the local institutions in the local markets, with no direct State supervision over the same. This has resulted in many abuses in the past, and the practice is to be condemned.

The State charitable institutions in some way ought to be consolidated. There are entirely too many separate State institutions in which a small number of inmates are cared for at a large per capita cost.

### New Hospitals Required.

The State Hospital Commission reported to us that the State hospitals for the insane are greatly overcrowded, and we have had an investigation made and find that these facts stated to us are correct. It is absolutely necessary that in the immediate future the State should build at least one or possibly two large institutions for the care of the insane. At present it is contemplated using the site at Creedmoor, formerly used by the State as a rifle range, which has been transferred over to the State Hospital Commission. In our opinion it would be absolutely unwise to use this site for such purpose. The site in question is a long, narrow strip with a wide parkway through the center, and does not lend itself to the erection of buildings in suitable groups. The land itself is of large value and could be readily sold, and if the State desired to buy land adjacent, the price would be practically prohibitive. In our opinion this land should be sold, and a large tract of land purchased at some other place suitable for the erection of a large hospital. There are at present confined in the State hospitals a great number of foreign insane, who are not able to speak the English language, and an institution should be pro-

vided where they could be grouped according to nationality and taken care of by people who speak their own language. If this were done it would relieve the congestion in the other State hospitals, and we are of the opinion that this matter should be given careful consideration before any new State hospitals for the insane are built.

### Mandatory Increases in Wages.

We also desire to call your attention to legislation that was passed in the year 1912 providing for an increase in the wages of the employees in the State hospitals. This statute is mandatory and only applies to State hospitals, and if it is to be continued will result in a demand on the part of all the institutions for like increases in salaries. The increases in the wages of employees in the State hospitals, becoming effective April 1, 1913, will amount to the sum of nearly \$265,000 annually. The State Board of Charities are now insisting that its employees should be paid the same rate of wages that is paid in the State hospitals, and that if the wages are not raised they will not be able to keep their trained employees.

### DEPARTMENT OF PUBLIC BUILDINGS.

The appropriations for the year 1912 were:

Appropriation Bill .....	\$253,350 00
Supply Bill .....	97,130 58
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Total .....	\$350,480 58
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The amounts asked for in 1913 were:

Appropriation Bill .....	\$253,350 00
Supply Bill .....	17,800 00
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Total .....	\$271,150 00
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We have gone carefully over these items and they include for this year the cost of operating the new power house and electric light plant recently constructed by the State, and we are of the opinion that the sum of \$255,130 should be allowed for the year 1913, which is a reduction over 1912 of \$95,350.58.

## CONSERVATION COMMISSION.

At present this Department is organized with three Commissioners having a salary of \$10,000 each; three deputy commissioners at a salary of \$3,500 each; three confidential secretaries to the commissioners at a salary of \$2,100 each; three confidential stenographers at a salary of \$1,500 each; a counsel at a salary of \$7,000; an assistant counsel at a salary of \$5,000; a secretary at a salary of \$5,000; an assistant secretary at a salary of \$3,000; a publicity agent at a salary of \$4,200, and an assistant publicity agent at a salary of \$1,800, amounting in all to \$77,300, besides a full corps of subordinate employees.

This Commission contains three divisions, namely, a fish and game division, a forest division, and an inland waters division. Each of the separate divisions has various bureaus. In our opinion this department has too large an overhead charge, and a saving of at least \$45,000 a year could be made by providing for a single-headed commission, with one deputy in charge of each division, a general secretary for the entire Commission, and an advisory counsel to the Commission, and we recommend legislation to this effect.

We have prepared and herewith submit a bill to reorganize this Commission on this basis.

The division of inland waters has a very large engineering force, and has been expending a large amount of money in the examination of water powers, and advocating that the State develop the energy of these water powers. Until this is adopted as a State policy, the Department is not justified, in our opinion, in large expenditures, and we recommend that this work be conducted more economically until the policy of the State is determined.

The Conservation Commission at present has jurisdiction over the marine fisheries of the State, and the entire work connected with these industries is located in and around the city of New York. A large delegation of oyster growers appeared before our Committee and complained that their industry had suffered because they could not get prompt attention to their needs, particularly in regard to the inspection of their beds and the surveying and establishing of boundary lines. We inquired into the situation and found that this inland fisheries bureau receives

a sufficient revenue from fees to support a separate department, that the oyster industry amounts now to a business of about ten millions of dollars a year, and that the New York oyster growers are discriminated against in the market because they cannot at present furnish certificates as to the purity and healthfulness of their product. We believe that a very large business industry will be best served by separating marine fisheries from the Conservation Department, and we have recommended legislation to accomplish this purpose.

#### FIRE MARSHAL.

The appropriations for the year 1912 were:

Appropriation bill .....	\$119,020 00
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Amount asked for in 1913:

Appropriation bill .....	\$155,720 00
Supply bill .....	16,104 08

Total .....	\$171,824 08
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In our opinion, after going carefully over these figures, we believe that the sum of \$109,020 will be sufficient to maintain this Department for the coming year, a saving from 1912 of \$10,000. We particularly desire to call the attention of the Legislature to the fact that the Fire Marshal has made, we believe, very radical recommendations in regard to expenditures of money by State institutions, and which, if carried out, will call for the expenditure of a very large sum of money. The different institutions are complaining to us that these requests are unfair and the amounts should not be allowed, and we suggest that some careful study should be made of this situation before such large amounts of money are expended.

#### RESERVATIONS, PARKS AND BUILDINGS.

The State of New York is now the owner of a large number of parks, reservations, buildings, cottages, mansions and monuments. Some of these reservations and parks are under State boards, and some under private control. The names of these institutions are as follows:

Niagara Reservation, Saratoga Reservation, Stony Point Reservation, Watkins Glen Reservation, Fire Island Park, Lake George Battle Ground Park, Grant Cottage, Schuyler Mansion, Sir Wil-

liam Johnson Mansion, Saratoga Monument, Sullivan Monument, Washington Headquarters, Phillipse Manor House, Clinton House, John Brown Homestead, Crown Point Reservation, Senate House (at Kingston).

It was with exceeding difficulty that your Committee were able to determine the different boards and bodies having control of all these different properties, and as long as the State is called upon to provide funds for their care and preservation, they ought to be all under State management. In our opinion, the proper department to have charge of these properties is the Conservation Commission, in connection with other State lands over which it now has jurisdiction, and we recommend legislation to that effect.

#### STATE ENGINEER AND SURVEYOR.

The appropriations for the year 1912 were:

Appropriation bill .....	\$36,990 00
Supply bill .....	20,115 00
<b>Total . . . . .</b>	<b>\$57,105 00</b>

Amount asked for in 1913:

Appropriation bill .....	\$37,345 00
Supply bill .....	23,500 00
<b>Total . . . . .</b>	<b>\$60,845 00</b>

The principal cost of the work in the office of the Engineer and Surveyor is in connection with the new barge canal, which is paid for out of the bond issue, and so far as the appropriation and supply bills are concerned, we believe that the sum of \$55,845 will be sufficient to maintain this Department for the coming year, a saving from 1912 of \$1,260.

#### STATE ARCHITECT.

The appropriations for the year 1912 were:

Appropriation bill .....	\$120,890 00
Supply bill .....	7,500 00
<b>Total . . . . .</b>	<b>\$128,390 00</b>

## Amounts asked for in 1913:

Appropriation bill .....	\$173,080 00
Supply bill .....	12,800 00
<b>Total . . . . .</b>	<b>\$185,880 00</b>

The Department of the State Architect was one of the first taken up for examination by your Committee, and this examination necessarily included the examination of the contracts for rebuilding that portion of the State Capitol which was destroyed by fire. As soon as we began the inquiry it was apparent to us that the whole method of the administration of this office and of these contracts needed a most careful examination by experts who had the technical knowledge of building, to properly appraise the value of the work that was being done and the value of the work that had been done. From our superficial examination in the beginning it appeared that the methods of conducting this work were at least open to question. We, therefore, suggested to you that the work upon the capitol be suspended and that an expert committee be appointed to examine. As a result of our suggestion you appointed a committee of architects, and the disclosures as to conditions resulted in your removal of the State Architect, justifying our apprehension, and the work of examination into the contracts is still in progress.

After we received the report of this expert committee, which justified our opinion that there had been grave abuses connected with the administration, we resumed the taking of testimony, which disclosed the fact that there were certain circumstances connected with the award and administration of these contracts which caused us to report to you that the Attorney-General should be requested to take the whole matter under advisement in order to protect the interests of the State. We believe that the facts disclosed show a condition so suspicious that this examination should continue, either by the Attorney-General or a special commissioner appointed, until the entire truth relating to the matters we have disclosed be ascertained and such action taken as will not only protect the interests of the State, but, if necessary, punish those who have been guilty of wrongdoing.

Your Committee is firmly of the opinion that open or percentage contracts on State work are always dangerous and an invita-

tion to extravagance. It was probably necessary to begin this work on a percentage basis immediately after the fire, particularly the clearing away of the debris and the cleaning and replacing of certain burnt portions of the stone work, but we are of the opinion that this method should have been discontinued before now, and that if it is possible, legally, the percentage contracts should be terminated at once, estimates made of the amount of work still to be done, and that the State secure competitive bids and let the remainder of the work on the basis of the proposals received to the lowest bidder.

We believe that the sum of \$113,910 will be sufficient to maintain this Department for the coming year in the regular appropriation bill. The last incumbent of the office depleted the funds available for this year to a large extent, and it will be necessary to ask for additional moneys in the supply bill on that account.

#### PUBLIC WORKS DEPARTMENT.

The cost of maintaining this Department in connection with the operation of canals in the year 1912 was:

Appropriation Bill .....	\$978,062 00
Supply Bill .....	68,500 00
Special bills .....	240,000 00
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Total .....	\$1,286,562 00
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Besides these amounts, there was special work delegated to this Department for which there was appropriated during the year 1912, \$52,249.95.

The present demands are:

Appropriation Bill .....	\$1,056,862 00
Supply Bill .....	20,000 00
Special bills .....	185,000 00
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Total .....	\$1,261,862 00
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We believe that the sum of \$1,060,109 is sufficient to maintain this Department for the coming year, an increase over 1912 of \$13,547.

## BANKING DEPARTMENT.

The appropriations for the year 1912 were:

Appropriation Bill .....	\$214,950 00
Supply Bill .....	28,153 33
Total .....	\$243,103 33

Amounts asked for in 1913:

Appropriation Bill .....	\$221,590 00
Total .....	\$221,590 00

We believe that the sum of \$216,090 will be sufficient to maintain this Department for the coming year, a saving from 1912 of \$27,013.33.

The entire expense of the Banking Department is assessed upon the banks and other financial corporations supervised by the Department, and the annual appropriations by the Legislature, therefore, merely authorize the Department to contract certain expenses, and do not represent an actual outlay of State funds.

In making our investigation it became evident that the failures of so many State banking institutions resulted not only from remissness in the execution of law by past administrations, but also from defects in the law itself. It also appears that, while efforts had been made from time to time to remedy these defects, the results of this desultory legislation was not satisfactory, and many defects still exist.

In order that the State of New York may have a clear, concise and comprehensive banking law adapted to present conditions of finance, we recommend that the Superintendent of Banks be authorized to appoint a commission of five or more persons having a technical knowledge of banking law and a practical knowledge of present banking methods to revise the banking laws and submit to the next Legislature a complete and comprehensive statute which will eliminate the abuses that have existed in the past and prevent any recurrence of such conditions as led to the failure of the Union Bank of Brooklyn and other institutions. While the commissioners themselves should serve without pay, we recommend that the sum of \$50,000 be appropriated for the purpose of paying the expenses of such commission and the employment of expert assistants. If this recommendation is adopted, we believe that the Banking Law of the State of New York will hereafter

serve as a model, not only for the future laws of other States, but to some extent for the National government.

There are, however, some defects in the present Banking Law and in the provisions of the Penal Law relating to the conduct of the officers and directors of such institutions which are so evident that the present Legislature should, in our judgment, take immediate action for the protection of the citizens of the State.

At our request, the Superintendent of Banks has caused to be prepared by his legal adviser the following legislation, which we recommend for immediate passage:

1. An act to create a commission to revise the Banking Law and making an appropriation therefor.
2. An act to amend the Banking Law, in relation to books and accounts of corporations organized under it.
3. An act to amend the Banking Law, in relation to the powers of the Superintendent of Banks.
4. An act to amend the Banking Law, in relation to loans by a corporation organized under the Banking Law to its incorporators or shareholders to enable them to pay for, hold or purchase the shares of such corporation.
5. An act to amend the Banking Law, in relation to examinations by boards of directors of banks and trust companies and reports thereof.
6. An act to amend the Banking Law, in relation to the purchase of notes, bonds or other evidence of indebtedness secured by mortgage or other lien upon real estate upon which there is any prior mortgage, lien or incumbrance.
7. An act to amend the Penal Law, in relation to the misconduct of officers, directors, trustees or employees of banking corporations.
8. An act to amend the Penal Law, in relation to falsification of books, reports or statements of corporations subject to the Banking Law by an officer, director, trustee, employee or agent thereof.

A list of some collateral upon which loans were made in the now defunct Union Bank of Brooklyn, which appears hereafter in this report, affords eloquent argument in behalf of the passage of these laws.

## UNION BANK OF BROOKLYN.

As a result of an appeal made by a committee representing the depositors of the Union Bank of Brooklyn, and by the Governor referred to the Committee of Inquiry, we made a special investigation into the causes for the failure of that institution, into the methods of liquidation pursued, and with reference to the present condition of its assets.

A hearing was held in Brooklyn on a Sunday afternoon, which was attended by a large number of the depositors, and another hearing was held in Albany, which was attended by a committee of the depositors, the State Superintendent of Banks and many members of the Legislature. Hon. Louis Goldstein presented the complaint of the depositors and Special Deputy Superintendent Dodge told of the efforts of the Banking Department to realize cash upon the so-called assets in the defunct banks.

It appeared at the hearing that the Union Bank failed in 1907, was permitted by the Banking Department to reopen in August, 1908, and was again closed in April, 1910. At the time of the second closing the bank and its seven branches had twenty thousand depositors, who had deposits aggregating \$3,600,000. Up to the present time these depositors have been unable to recover any of their deposits, because of the heavy indebtedness of the bank when it closed and because a very large part of the alleged assets were in the form of worthless unsecured notes.

It was not until July, 1911, more than a year after the second closing, and after there had been a change in the administration of the Banking Department and the present Superintendent took office, that proceedings were begun against those responsible for the management of the bank. A public investigation was begun in July, 1911, and through the efforts of the present Superintendent of Banks and his deputy, Edward L. Dodge, assisted by Louis Goldstein, counsel for the association of depositors, 700 witnesses were examined, various officials and directors were indicted, and several have been convicted and sentenced to prison.

It developed in this examination and before our Committee that the Banking Department permitted the reopening of the bank upon a deferred payment plan — that is, the old depositors agreed to withdraw their deposits in instalments covering a period of months. To make these payments to the old depositors all the bank buildings and all other unencumbered property of the bank

was mortgaged, and loans secured aggregating \$2,006,000. New depositors were secured, and when the bank closed the second time it was found that most of the larger depositors caught in the first failure, including the officers, had withdrawn all their funds and had thus transferred their loss to the new depositors secured. It is said that if the Banking Department had not permitted the reopening of the bank and thus allowed no new liabilities to be incurred all the depositors would have been paid at least 75 per cent. dividends.

Since July, 1911, the Deputy Bank Superintendent in charge has been administering the assets, and has succeeded in reducing the liabilities to about \$335,000, but cannot restore any money to the depositors until this indebtedness is cleared off. Most of the assets of any value whatever consist of real estate not easily salable, and it is doubtful if the depositors ever are paid much if any dividends.

#### **Collateral Upon Which Loans Were Made.**

The following list of notes now listed as assets illustrate the methods pursued in conducting this bank:

Note made by Augustus F. Gardner, for \$117,257.62. In the testimony it appeared that Gardner was a clerk, not financially responsible, and that he was paid \$10 a month for signing blank notes, deeds, bonds, mortgages and other papers at the direction of an officer of the bank, and that he was neither a depositor, stockholder nor employee of the bank.

Note made by Essex & Lee Company, for \$116,595.52, indorsed by the Onslow-Moore Company and the Camden Construction Company. All three of these companies were financially irresponsible, and the directors were clerks in the office of a business associate of an officer of the bank.

Note made by Horace Nichols, for \$113,247.17. Nichols testified that he was a day laborer, and that he signed papers in the same manner as Gardner did.

Note made by Charles B. Malloy, for \$148,443.25, with bank stock as collateral. The balance due on this note is \$63,105.50, which is uncollectible, the collateral having been sold. Mr. Malloy testified that he got nothing for signing this note; that the stock put up as collateral for this note did not belong to him, and that he was not financially responsible to pay any part of the note.

Note made by George B. Haggerty, for \$125,728.10, secured by bank stock. The balance due on this note is \$27,228.10, which is uncollectible, the collateral having been sold.

Note made by the Remsen Bond and Mortgage Company, for \$50,875, which is absolutely worthless and uncollectible. The company claims that it received no part of the proceeds.

Note made by Randolph Hulsart, for \$50,000, which is absolutely uncollectible and worthless. Mr. Hulsart testified that he was a carpenter, and was employed by Gilbert Elliott, at whose request he signed this note in blank.

Note of \$150,000, made by David A. Sullivan and indorsed by several directors, which amount still remains unpaid. The directors in their testimony stated that they did not receive any part of the proceeds of this note.

Note made by Thomas D. Tompkins, formerly a director of the Union Bank of Brooklyn, for \$72,370.53. This note represents capital stock not paid for, and is absolutely worthless.

Note made by William Strasser, formerly a director of the Union Bank of Brooklyn, for \$32,625.03, which is absolutely worthless and uncollectible.

Note made by James T. Ashley, formerly cashier of the Union Bank of Brooklyn, amounting to \$14,984.47, which is absolutely worthless and uncollectible.

Notes were made aggregating over \$112,000 by William C. Damron, formerly a director of the Union Bank of Brooklyn, all of which are worthless and uncollectible.

Note made by Henry B. Hill, for \$24,330, which is worthless and uncollectible.

Notes made by Rechnitz & Potruch, a corporation, aggregating \$56,132.57, which are worthless and uncollectible.

Edward R. Thomas, former president and director of the bank, through loans to his associates and to himself, secured large sums of money, and still owes the bank \$254,087.

F. Augustus Heinze, former director of the bank, borrowed a large sum of money, \$246,000 of which still remains unpaid.

Note made by the Aetna Development Company, for \$16,335.50, without any security, which is worthless and uncollectible.

The Metropolitan Holding Company obtained loans aggregating over \$200,000, which up to the present time have been uncollectible. This company was organized practically as a dummy company of the bank.

The Shetland Company borrowed from the bank approximately \$469,000. Capital stock of \$100,000 belonged to the bank. This company was also used as a holding company for the bank.

David A. Sullivan, the former president of the bank, is liable, directly and indirectly, on various loans, as well as on his liability as a stockholder, to the extent of \$500,000, all of which is absolutely worthless and uncollectible.

The depositors of the Union Bank of Brooklyn claim that the former Superintendent of Banks knew, or should have known, that the bank was insolvent when he permitted it to reopen.

The present Superintendent of Banks has followed a policy of conservation of the real estate assets of the bank which is highly commended by the depositors. They approve of the manner of the liquidation of the affairs of the Union Bank of Brooklyn as conducted and administered by the Superintendent of Banks and his deputy, Mr. Dodge, in whom the depositors have implicit confidence. The depositors will receive considerably less than fifty cents on the dollar, and there are no prospects of receiving any dividend for some time to come.

The disclosure to us of the methods pursued in wrecking the Union Bank, the escape of many guilty persons on account of defects in the law, and the alarming fact that such banking methods should continue unchecked under State supervision, caused us to call the Superintendent of Banks into conference, and with his assistance and that of the counsel for the unpaid depositors, we have had prepared several amendments to the Banking Law which should be enacted by this session of the Legislature, and we have also recommended that the Superintendent of Banks be empowered to appoint experts to draft a new Banking Law for presentation to the next Legislature.

## INSURANCE DEPARTMENT.

The appropriations for the year 1912 were:

The appropriation bill .....	\$416,840 00
Supply bill .....	22,950 00
Total .....	\$439,790 00

Amounts asked for in 1913:

Appropriation bill .....	\$440,780 00
Total .....	\$440,780 00

There were a number of unexpended balances in this Department aggregating a large amount, and we believe that the sum of \$361,584.70 will be sufficient to maintain this Department for the coming year.

Additional work has been placed upon this Department by the passage of new legislation, but we recommend that items covering expenditures necessary to carry on this work be placed in the Supply Bill this year for a lump sum.

The decrease of the appropriations this year recommended by us compared with last year is \$78,205.30.

## HIGHWAY DEPARTMENT.

The appropriations for the year 1912 were:

Appropriation bill .....	\$63,950 00
Supply bill .....	5,000 00
Special bills .....	4,466,222 00
Total .....	\$4,535,172 00

Amounts asked for in 1913:

Appropriation bill .....	\$73,800 00
Special bills .....	4,800,000 00
Total .....	\$4,873,800 00

The largest part of the expenditure of this Department is for the construction of new highways and the engineering cost in con-

nection therewith, which are paid for out of the bond issues and do not appear in the appropriation or supply bills, but only in the reports to the Comptroller.

The next large items appear in special bills and provide for repairs and maintenance of the State and county highways and State aid to towns, and the appropriation made directly by the Legislature for the Bureau of Town Highways in the appropriation bill.

In 1912 there was appropriated for the Bureau of Town Highways \$63,950, and we recommend that this year there be allowed in connection with these expenditures the sum of \$57,950, a decrease from 1912 of \$6,000.

The special bill last year for State aid to towns amounted to \$1,669,000, and this year the amount asked for is \$1,710,000, which is an increase of \$41,000, and if the present policy of the State to aid towns is carried out it should be allowed.

In 1912 the appropriations for maintenance and repairs of State and county highways amounted in all to \$2,615,040. The estimate made this year by the Highway Department for this purpose was \$4,700,000. Later on in our investigation the officers of this Department stated that they could reduce this figure to \$3,353,250.

During the limited time we have had to study this matter, we believe that these figures are very high and that a large amount of repair work has been asked for by local interests which are not necessary, and we believe that upon a proper reorganization of the bureau of maintenance under Division Engineers \$2,000,000 will be sufficient to take care of the maintenance of the highways for the coming year, and we recommend that amount.

The investigation of the matters connected with the Highway Department was as thorough as our time would permit, but we necessarily had to confine our attention chiefly to the financial features, so as to intelligently recommend such appropriation of funds as are required to maintain the roads during the coming year. We were faced with the demand for an appropriation, for maintenance, of \$4,700,000, covering repairs to hundreds of roads, and in considering this we had to take notice of the numerous complaints that the cost of such repairs had been excessive, and endeavor to find a basis upon which to compute the proper cost, and thus arrive at our decision as to what will constitute a reasonably adequate appropriation.

Before our examination was half completed we had developed and proved a condition that caused us to recommend a complete change in the organization of the department and a reform in the methods of awarding contracts, which recommendation has already resulted in the enactment of a new highway law, providing for one responsible official in charge instead of a commission composed of three uncongenial persons, and further providing for a complete change in the methods of contracting for work and supervising such work while under construction and repair.

To make this examination accurate and complete we requested the co-operation of the Comptroller, and he detailed to us a deputy comptroller and six experts. These experts worked continually for four weeks. They went over all the details of the original and supplemental contracts for repair work, and carefully tabulated the cost of materials and transportation of materials and the work of putting those materials in place. While this was being done, other men were ascertaining through actual inquiry the proper or market cost of all materials entering into road construction, and the proper cost of the different operations entering into the construction of roads. The result of these investigations enabled them to find the true cost by which to test the actual cost paid to contractors by the State.

The examination covers a period beginning shortly after the formation of the first Highway Commission in 1909 and ending on January 1, 1913, excepting therefrom the year 1911, during which time no contracts for the repair of state highways were granted. Each contract and the accompanying papers were examined. Attached to each contract were the bond, the estimated cost made by the engineer, and the proposed cost submitted by the contractor.

With the original contracts were also considered any supplemental contracts.

After securing the assistance of the Comptroller, and agreeing upon the plan upon which to conduct the work, we called the Chief Engineer of the Highway Department to the witness stand, and after examining him and requiring him to testify in regard to the method of making engineers' estimates for new construction, and describe the various units entering into such estimates, we directed him to take the specifications of all the repair contracts which had been awarded by the department, and make an engineer's estimate of the proper cost of such contracts on a

basis of the figures he would use for estimating upon new construction. The Chief Engineer has had no supervision over repair work, and we felt confident that his figures could be relied upon to show how much excess cost there had been in the repair work during the past year.

The purpose of this dual examination was to obtain accurate information in regard to the excess, if any existed, so that we might have a test to apply to the appropriation requested for maintenance in 1913. We did not at that time require an analysis of construction contracts, because the entire cost of such work would be paid out of funds derived from bond sales, and not from appropriations to be made by the Legislature.

When the examination was completed, the analysis prepared and reports submitted to us by both the Comptroller and the Chief Engineer of the Highway Department agreed that the cost of repairs had been excessive, the general average being about twenty per cent over what was established as a true economic cost. This general average, however, did not represent the whole truth, because there were many contracts performed at a price only slightly above our standard, while there were many others which ran much above twenty per cent.

The entire examination developed the following situation:

### Highway Repairs.

The total number of contracts examined was 327, which were divided as follows:

1909 contracts . . . . .	41
1910 contracts . . . . .	37
1912 contracts . . . . .	249
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Payments were made to contractors during the years 1909, 1910 and 1912 to the amount of \$2,682,062.47, which were distributed as follows:

In 1909 . . . . .	\$919,588 55
In 1910 . . . . .	746,378 81
In 1912 . . . . .	1,016,095 11
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The comparison of original contracts and supplemental contracts on repairs in each of these three years was as follows:

	1909	1910	1912
Total of original contracts . . . . .	\$626,240 83	\$706,669 35	\$999,502 70
Total of supplemental contracts . . . . .	293,347 72	39,709 46	16,592 41
Totals . . . . .	<u>\$919,588 55</u>	<u>\$746,378 81</u>	<u>\$1,016,095 11</u>

The average cost per mile was:

1909 . . . . .		\$4,820 58
1910 . . . . .		4,442 33
1912 . . . . .		1,139 67

Our experts found in analyzing the contracts that it was necessary to compare them as a whole to get the accurate increases and decreases in the cost. Items which had been combined in 1909 were separated in 1912, and thus the comparison upon these separate items was destroyed. It was possible, however, to set up with certainty a true comparison between certain items entering into all the contracts, and as an example of this work we present the following comparison of some of these items, the figures given being the excess cost of these materials in all of the contracts in the given year:

	1909	1910	1912
Excess cost of stone..	\$123,599 90	\$119,726 25	\$92,679 15
Excess cost of oil.....	42,122 09	33,734 56	51,512 91
Excess cost of earth excavation . . . . .	790 90	8,949 64	6,340 87
 Total excess cost on these items.	<u>\$166,512 89</u>	<u>\$162,410 45</u>	<u>\$150,532 93</u>

The total expenditure of money by the maintenance bureau of the Highway Department, including expenses of administration, work done by the Department, materials purchased by the Department and payments to contractors, during the years 1910, 1911 and 1912, was as follows:

DEPARTMENT EXPENSE:	1910	1911	1912
Improvements . . . . .	\$22,321 32	\$8,739 20	\$11,718 14
Resurfacing . . . . .	1,078,471 51	312,448 84	.....
Engineering and inspection . . . . .	61,335 64	21,019 15	175,640 92
Labor . . . . .	5,569 94	11,634 84	22,598 34
Materials . . . . .	66,052 73	93,665 83	147,450 74
Patrol . . . . .	265,427 81	258,307 34	425,048 78
Tools and plant.....	18,086 91	7,311 08	17,332 79
Guard rail . . . . .	71,416 06	6,338 38	11,499 90
Concrete . . . . .	3,940 53	9,850 92	6,561 48
Oil . . . . .	163,238 24	83,382 01	397,264 93

## DEPARTMENT EXPENSES — Continued:

	1910	1911	1912
Sweeping and applying oil . . . . .	\$107,128 36	\$71,556 93	.....
Material for covering . . . . .	228,187 06	86,931 26	.....
Covering oil . . . . .	9,364 81	8,731 77	.....
Cleaning and trimming . . . . .	12,591 66	13,529 33	.....
Paving . . . . .	1,026 61	487 80	.....
Extraordinary repairs . . . . .	3,891 86	277 00	.....
Miscellaneous . . . . .	4,712 16	20,853 33	\$182 00
Totals . . . . .	\$2,122,763 21	\$1,015,065 01	\$1,215,298 02
<b>PAYMENTS TO CONTRACTORS</b> . . . . .	<u>746,378 81</u>	.....	1,016,095 11
<b>Grand totals</b> . . . . .	<u>\$2,869,142 02</u>	<u>\$1,015,065 01</u>	<u>\$2,231,393 13</u>

The Department of Highways was organized in 1909 and the records were not sufficiently systematized to enable us to distribute the various items of cost entering into the repair work in the same manner as we have done with the other years. The total expenditures of the Department in 1909 were as follows:

For Department expenses . . . . .	\$925,166 92
Amount paid to contractors . . . . .	919,588 55
<b>Total</b> . . . . .	<b>\$1,844,755 47</b>

No new contracts for repair work were let in 1911; most of the work was done by the Department itself.

During the period examined 1,250 miles of highways were repaired as follows:

In 1909 . . . . .	191
In 1910 . . . . .	168
<b>In 1912</b> . . . . .	<b>891</b>

The maintenance bureau of the Highway Department appears to have always worked on unscientific principles. Everything seems to have been done in a hurry and without sufficient preparation, even when a wrong system has not been deliberately adopted. It appears that examination of roads intended to be repaired has been made in the winter, with snow upon the ground, which made it impossible to get any accurate knowledge of the character of the soil, and the specifications drawn upon such information have necessarily been faulty. No systematic way of getting accurate geological information, to guide the engineers in making their estimates, seems to have been established. The work of making estimates was hastily done in the spring so as to have the contracts ready for letting as soon as the weather sufficiently

moderated to permit outdoor work, and this practice resulted in changes in specifications, many supplemental contracts and a great deal of waste on almost every piece of work.

The most vicious feature of the method of letting contracts appears to have been the practice of awarding contracts for repairs without asking for competitive bids.

Three systems were followed in securing proposals, namely: Advertising in newspapers for competitive bids; inviting certain contractors in a locality, who were known to have plants, to privately compete; and assigning certain sections of repair work to such contractors as were selected by the official in charge.

During the year 1912 work amounting to \$132,667.59 was advertised in newspapers for competitive bidding; work amounting to \$187,036.13 was awarded to contractors after private competitive bidding; and work amounting to \$908,947.68 was assigned to contractors chosen by the officials of the Department without competitive bidding.

It is true that the average cost per mile was lower in 1912 than in the preceding years, but this system is so vicious, in our opinion, that it merits unqualified condemnation, and we have recommended that in future no contracts of any magnitude be awarded without competitive bidding.

This system of non-competitive contracts was responsible, in our judgment, for the high prices paid for materials used in repair work.

Our examiners disclosed that manipulation of oil was paid for at rates varying from five to ten cents per gallon, the oil being furnished by the Department, and we are advised that five cents is an extremely liberal price.

Broken stone was paid for at prices varying from \$1.20 to \$8.25 per cubic yard.

Rolling charges varied from \$10 and \$15 per day to \$10, \$15 and \$40 per mile. The rate allowed by law for rolling town roads is \$10 per day. At \$10 per mile a roller could earn \$80 per day.

These are but three instances of excessive charges allowed.

The hasty preparation of specifications has resulted in extra contracts and supplemental contracts, and we have no doubt that many of these supplemental contracts were improperly awarded. We do not feel justified, however, in condemning unqualifiedly the supplemental contract system. Under the unit form of bidding — that is, when the proposal of the contractor is based upon items, the quantities of which are estimated by the engineers — it

will always be necessary on final settlement to readjust the quantities of these items and it may be appropriate to issue a supplemental contract therefor. This form of supplemental contract, however, is legitimate because it does not change the competitive character of the bid, if the engineer's work has been efficiently done. There may also, from time to time, arise contingencies which even an accurate survey by the engineer could not locate, such as a soft spot which needs to be reinforced. These, however, appear to us to be the only legitimate reasons for supplemental contracts. All others appear to us to be due to incompetent engineering or official favoritism.

The result of our investigation into the maintenance and repair bureau of the Highway Department induces us to recommend to the Legislature that less than one-half the sum requested to be appropriated this year be provided, so as to compel the Department to be administered upon more efficient lines.

### New Construction.

The excessive cost of maintenance and repair of the highways is, in part, due, in our opinion, to faulty and inadequate methods of construction employed in the beginning of the good roads' development. These roads were originally constructed at great cost to the State, but the element of supplemental contracts entered largely into that cost. These supplemental contracts were caused partly through faulty specifications, such as providing two inch foundation on soft soil, experimenting with patented materials, and a general lack of systematic knowledge regarding both the character of traffic required to be borne by these roads and the character of the soil upon which they were constructed.

In some of these old construction contracts, dating back to 1909 as well as continuing to the present time, we found supplemental agreements that completely changed the character of the construction and destroyed the competitive features of the contract.

We found one original contract for a road in Erie county, let in 1909 on competitive bidding for \$16,000, the final payments to the contractor for the construction of which was \$41,676.81.

We found that several roads, constructed under such imperfect specifications, went to pieces within a few years and required reconstruction out of the maintenance and repair fund. An example of this can be found in a road in Warren county that was built in 1908 at a cost of about \$50,000; repaired in 1910 at a

cost of \$5,000, and reconstructed under guise of repairs in 1912 at a cost of \$50,000.

We recommend that no further new contracts for construction be awarded unless the plans for such construction are completely revised, so as to provide a form of construction suited to the character of the soil and the volume of traffic which the road will be called upon to sustain. And we further recommend that only such supplemental contracts as are required to complete the adjustment of the contract when the work is finished, or to provide for small emergencies, be tolerated.

### Conclusion.

The investigation of the Highway Department we regard as the most difficult, and at the same time one of the most important, problems we had to deal with. We felt it to be absolutely necessary to establish such facts as will lead to the inauguration of a system of highway construction that will secure for the people of the State the best roads that can be built, and surround the expenditure of the money to be derived from the new bond issue of \$50,000,000 with such safeguards as to guarantee absolute honesty and efficiency.

We received a great number of complaints from citizens in all parts of the State, regarding new highways that had been built and repairs that were supposed to have been made. Each of these complaints was referred to the Department of Highways and the officials were required to make an explanation, under oath, upon the witness stand.

We invited the testimony of experts, issued a public appeal for the assistance of citizens, took notice of newspaper complaints, and our public hearings on highway matters occupied about two weeks.

We worked under the necessity of making a report to the Legislature in time so that funds can be appropriated to begin the work of repair as soon as the weather will permit, and on this account we have tried to concentrate our attention chiefly upon the financial problem, and upon the methods of administration, rather than seeking to discover specific instances of wrongdoing. It is possible that there are specific instances of wrongdoing to be discovered, but we feel that the work we have performed is of more enduring value. We, therefore, have suggested that these matters be referred for examination to another agency, and we understand that this suggestion has been adopted.

## LEGISLATIVE AND JUDICIAL.

We have given no consideration whatever to the appropriations desired in connection with these two branches of the state government, as we have no jurisdiction over them, they being co-ordinate branches of the government.

## MISCELLANEOUS.

All through the appropriation and supply bills are a number of miscellaneous items covering State lands, reservations, parks and buildings, and we have carefully gone over the items asked for in connection with these matters and have made our recommendations in connection therewith in the appropriation bill and supply bill. We do not deem it necessary to encumber this report, with recommendations in connection therewith, and full information as to our action can be had by examining these bills.

## STATE INSTITUTIONS AND SPECIAL BILLS AND APPROPRIATIONS CONNECTED THEREWITH.

In the budget submitted to the Comptroller appropriations are asked for buildings and additions to existing buildings to the extent of the sum of about \$10,000,000, and these divided into departments are as follows:

Health officer, port of New York.....	\$1,953,000 00
Prisons .....	1,807,200 00
State hospitals .....	3,740,625 00
Charitable institutions .....	2,007,224 50
Long Island Agricultural School.....	704,500 00

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There are also now before the Legislature, bills for a number of agricultural schools in different sections of the State and a large number of demands for other public buildings, amounting to several million dollars more.

During the past few years the State has, by legislation, in a way, committed itself to the following new institutions:

### First.— State Industrial Farm Colony for Tramps.

By chapter 530 of the Laws of 1912 an appropriation of \$100,000 was made by the Legislature, and the board of managers of this institution was authorized to enter into contracts not exceeding in the aggregate \$500,000, for the construction of buildings and the purchase of a site. The total cost of this institution will be over \$1,000,000.

This is the first institution of the kind to be attempted in the United States, and if the scheme is carried out it will commit the State, not only to a large expenditure for the construction of buildings, but to a large maintenance cost in connection therewith. We believe it is unwise for this State to take the initiative in committing itself to such an enormous expense in connection with the handling of this class of people, and that this project ought to be abandoned and the law repealed.

### Second.— Prison Farm for Women.

This institution has purchased a large tract of land, and the plans call for the expenditure of \$3,000,000. The object, as stated in the act, is to provide an institution to which women over thirty years of age, who have been convicted five times in the last two years, should be committed.

While the purpose of providing some place for these unfortunate women is worthy of consideration, yet we do not believe that the plan proposed of putting them upon a farm, and especially the plan proposed of such an enormous expenditure for the housing of the number of inmates who may be committed, justifies the State in going on with this enterprise without further careful investigation.

### Third.— Letchworth Village.

The purpose of this institution is undoubtedly an admirable one, to build near the city of New York, at a cost of about \$3,000,000, a large institution for the unfortunates who are now committed to up-State places. A large amount of money has already been appropriated, but has not been expended, and this institution is being built upon the cottage plan of caring for inmates. While this plan may have certain good features, yet the investigation that we have made leads us to believe that the initial cost of building on the cottage plan is treble that under

which similar institutions have been constructed in the past, and that the cost per capita of maintenance will also be very high. We believe that the matter ought to be carefully studied from all viewpoints before large additional appropriations are made.

#### **Fourth.— Yorktown Heights.**

This is an institution for boys. It is also proposed to be built upon the cottage plan, and the same investigation, we believe, should be made in connection with this institution as to Letchworth Village. The cost of this institution will be over \$2,000,000.

#### **Fifth.— Mohansic State Hospital for Insane.**

Very large appropriations have been made for this hospital in the past, but there has been great delay in proceeding with the work, which to us seems to be inexcusable. This institution undoubtedly should be completed as soon as possible, as it will be a relief to the congested conditions in connection with the New York city hospitals for the insane, but there is such a large amount of money unexpended at present that we do not believe a new appropriation should be made until the work in progress is more speedily hastened. We also believe that a study should be made as to whether or not this institution cannot be greatly increased so as to care for a larger number of inmates than was contemplated when its construction was begun, as it is the experience that the larger number of inmates that can be taken care of, the less is the per capita and overhead charge.

#### **Sixth.— Utica State Hospital.**

This hospital is located in the heart of the city of Utica. There has been a desire by a number of the people of Utica to build a new hospital outside of the city limits and abandon the present hospital therein, and an appropriation has been made for the purchase of land in connection with building a new hospital.

The present Utica State Hospital is a first-class institution, complete in all respects and able to care for the inmates confined therein, and the doing away with this hospital would be destroying the State's property now in existence and in use. We do not believe that any additional appropriation should be made for the new hospital until the whole question as to the future policy of State hospitals is considered.

### Seventh.— Proposed New Hospital near New York City.

It is proposed to build a new hospital near the city of New York on what is known as the old Creedmoor rifle range site. This land is a long narrow strip with a wide parkway in the center, is not adapted at all for the proper grouping of buildings, and the value of land in the vicinity is so high that to purchase additional lands in connection therewith would be to entail enormous cost.

Both at Kings Park Hospital and at Central Islip Hospital the State is the owner of very large tracts of land, and, if in addition to the new hospital at Mohansic, it is necessary to provide further hospital facilities, we believe that the question should be studied as to whether or not additions should not be constructed at Kings Park or Central Islip, whereby the overhead charges will not be increased. We recommend that no appropriations be made in connection with the proposed Creedmoor site, but that the land, which is of great value, be sold and the avails be used either at some other site or in connection with additions to Kings Park or Central Islip.

### Eighth.— Great Meadow Prison.

This institution is now nearing completion, but there has also been great delay in constructing and finishing the buildings. An appropriation was made last year of \$630,000, and we understand this will provide for a complete unit for the prison. Large additional appropriations, however, are asked for this year in connection with this institution, but we believe that the present buildings should be completed before any new appropriations are made.

### Ninth.— Sing Sing Prison.

For several years past there has been agitation in favor of building a new State prison near the city of New York. A site was first procured near Bear Mountain, which was abandoned, and later a site was purchased at Wingdale, where construction contracts were awarded, but this site has also been abandoned. The proposition is now made that a new prison ought not to be built, but that Sing Sing should be remodeled and reconstructed. We do not believe that Sing Sing prison, on account of its small area, is a proper place for the expenditure of any large amounts of money for new construction, and that, if it is necessary after the prison

at Great Meadow is inaugurated to build a new prison, that this matter should again be given the most careful consideration.

#### Tenth.— Long Island Agricultural School.

An appropriation has heretofore been made of \$100,000 for the purchase of land in connection with the establishment of a secondary agricultural school of education on Long Island. This year an appropriation is asked for \$704,500 for buildings.

We have heretofore dealt in our report with the questions relating to secondary schools of agriculture, the limiting of these schools to purely secondary work, and the keeping of the cost of buildings and maintenance down to as low a figure as possible. The State's expenditure in connection with agricultural schools is growing by leaps and bounds, and there is a continual demand upon each Legislature for the building of a large number of similar schools. The demand for this school is so large that we believe the most careful consideration should be given as to the questions relating to the character of the school to be erected, the class of work which it is to teach, and the number of students that are liable to attend. In the other secondary schools of the State the attendance has been found to be limited in number, although several of these schools have been established for several years.

#### Eleventh.— State Office Buildings.

In the city of Albany there are now a number of departments located in quarters outside of the Capitol, and the same situation also prevails in the city of New York and in the city of Buffalo. There is no doubt that the State would be financially benefited if suitable office buildings, at not too large expense, were erected, and that the rentals now paid would easily pay the interest and sinking fund charges in connection with such institutions, and this matter should be carefully and thoroughly investigated.

#### Twelfth.— State Fair at Syracuse.

The State Fair at Syracuse has grown to be a very successful State institution. A large amount of money has been expended, and the general plan for the future development of the State Fair has been laid out, involving the erection of a number of new buildings and the rearranging of present structures in harmony therewith. Demands have been made upon the Legislature this year for large appropriations to carry out this project. The plan ought

to be completed in the near future, as the State Fair, in a way, is earning a large amount of money upon the investment. We believe, however, that the moneys in connection with this proposition should be raised from the sale of bonds.

The foregoing statement shows the tremendous demands upon the State for new institutions and buildings, and foreshadows a large increase in State expenditures in the future for maintenance in connection therewith. It is impossible for anyone, under present conditions, to fairly determine to what extent the State should commit itself to the policy of these institutions, and the amounts that should be properly appropriated in connection with their buildings. The State's finances prohibit the expenditure in any one year of any amount sufficient to complete the institutions within a reasonable time.

We are, therefore, of the opinion that the entire matter relating to the construction of new institutions and buildings should be taken up by the Legislature through a committee to be appointed by it, such committee having the power to employ the necessary expert assistants, and we would recommend that such a method be adopted.

When the Legislature has thus made a careful study of the situation as a whole, we are of the opinion that then the entire proposition should be submitted to the people of the State for decision as to whether they desire to enter upon the policy of building these institutions, and the amount of money which they are willing to expend in connection therewith.

## AMOUNTS RECOMMENDED FOR REPAIRS TO STATE INSTITUTIONS.

### State Hospitals.

We recommend that an item for general repairs on all State hospitals be allowed of \$250,000, with the right of the State Hospital Commission to apportion this amount among the different institutions according to their actual needs and necessities.

With this amount practically all the other items in connection with the State hospitals can be eliminated except the following, which should be provided for in a special bill.

### CENTRAL ISLIP.

Furnishings and equipment for the dining room building .....	\$15,000 00
New boilers, north colony .....	11,000 00
	<hr/>
	\$26,000 00
	<hr/>

### GOWANDA.

New boiler .....	\$7,500 00
	<hr/>

### HUDSON RIVER.

Furnishings for new additions .....	\$5,400 00
Coal and ash handling apparatus .....	3,670 00
	<hr/>
	\$9,070 00
	<hr/>

### KINGS PARK.

Elevators for new buildings .....	\$13,200 00
Extension of vacuum heating plant .....	50,000 00
Screening windows and doors .....	2,000 00
	<hr/>
	\$65,200 00
	<hr/>

### ROCHESTER.

Ice house .....	\$2,500 00
New plumbing, north building .....	10,000 00
	<hr/>
	\$12,500 00
	<hr/>

## State Board of Charities.

## WESTERN HOUSE OF REFUGE FOR WOMEN, ALBION.

Miscellaneous repairs . . . . .	\$3,000 00
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## NEW YORK STATE SCHOOL FOR THE BLIND, BATAVIA.

Conduit and piping between boiler house and new building . . . . .	\$7,000 00
Equipping new building . . . . .	3,000 00
Increasing boiler capacity and repairs to boiler plant . . . . .	4,000 00
Miscellaneous repairs . . . . .	1,000 00
	\$15,000 00

## NEW YORK STATE SOLDIERS' AND SAILORS' HOME, BATH.

Miscellaneous repairs, additions and betterments . . . . .	\$15,000 00
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## NEW YORK STATE REFORMATORY FOR WOMEN, BEDFORD.

Miscellaneous repairs and betterments . . . . .	\$3,000 00
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## NEW YORK STATE REFORMATORY, ELMIRA.

Miscellaneous repairs . . . . .	\$6,000 00
Furnishing and equipping hospital . . . . .	1,500 00
Herd of tuberculin-tested cows . . . . .	3,500 00
	\$11,000 00

## NEW YORK STATE TRAINING SCHOOLS FOR GIRLS, HUDSON.

Electric feeder cable to new school house and cottages . . . . .	\$4,000 00
Equipment for new school house . . . . .	5,000 00
Miscellaneous repairs and new equipment . . . . .	4,000 00
	\$13,000 00

## STATE AGRICULTURAL AND INDUSTRIAL SCHOOL, INDUSTRY.

Miscellaneous repairs and betterments, including sewage disposal . . . . .	\$8,000 00
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## THOMAS INDIAN SCHOOL, IROQUOIS.

Constructing corridors between the Administration Building and Dining Hall, between Dining Hall and Dormitory No. 1 and between Dormitory No. 1 and Dormitory No. 2, and Dormitory No.	
2 and School Building.....	\$10,000 00
Equipment and furnishing for school building....	1,000 00
Miscellaneous repairs .....	2,000 00
	=====
	\$13,000 00
	=====

## EASTERN NEW YORK REFORMATORY, NAPANOCH.

Miscellaneous repairs and equipping school rooms	\$4,500 00
	=====

## NEW YORK STATE CUSTODIAL ASYLUM FOR FEEBLE-MINDED WOMEN, NEWARK.

Two additional boilers, fittings, connections and installation .....	\$7,000 00
Trunk sewer .....	2,000 00
Miscellaneous repairs .....	3,500 00
	=====
	\$12,500 00
	=====

## NEW YORK STATE WOMAN'S RELIEF CORPS HOME, OXFORD.

Miscellaneous repairs .....	\$2,500 00
	=====

## NEW YORK HOUSE OF REFUGE, RANDALL'S ISLAND.

Misceellaneous repairs .....	\$2,000 00
	=====

## NEW YORK STATE HOSPITAL FOR THE TREATMENT OF TUBERCULOSIS, RAY BROOK.

Enlargement of toilet sections.....	\$3,000 00
Miscellaneous repairs and additional equipment...	3,000 00
	=====
	\$6,000 00
	=====

## ROME STATE CUSTODIAL ASYLUM, ROME.

Enlarging bakery building.....	\$5,000 00
Toilet sections for building "G," wards 4 and 5...	2,500 00
Miscellaneous repairs . . . . .	2,500 00
	=====
	\$10,000 00
	=====

## CRAIG COLONY FOR EPILEPTICS, SONYEA.

Miscellaneous repairs, equipment and plumbing...	\$6,500 00
	=====

STATE INSTITUTION FOR FEEBLE-MINDED CHILDREN, SYRACUSE.	
Miscellaneous repairs and equipment for laundry	
and kitchen . . . . .	\$7,000 00
	=====

NEW YORK STATE HOSPITAL FOR CRIPPLED AND DEFORMED CHILDREN, WEST HAVERSTRAW.	
Miscellaneous repairs . . . . .	\$5,000 00
	=====

## LETCHWORTH VILLAGE.

Miscellaneous repairs . . . . .	\$5,000 00
Purchase of machinery, horses, cows, wagons, oxen	
and farm tools and implements.....	4,000 00
	=====
	\$9,000 00
	=====

## YORKTOWN HEIGHTS.

Farm stock, tools, equipment and seeds.....	\$3,000 00
Telephone system .....	1,200 00
Miscellaneous repairs and betterments.....	4,000 00
	=====
	\$8,200 00
	=====

## State Prisons.

Included in the items allowed in the Appropriation Bill is a lump sum of \$840,000 for maintenance and repairs of the prisons of the State, and this we believe is sufficient to take care of the ordinary repairs necessary to keep the prisons in condition.

The only items in addition that we think ought to be allowed are for Matteawan Hospital for Criminal Insane, for the following items:

New boilers .....	\$9,000 00
Dining room and kitchen for women's building now undergoing construction .....	25,000 00
New artesian well.....	2,000 00
	—————
	\$36,000 00
	—————

We have prepared a Special Bill, making appropriations for the above items, and recommend that all other Special Bills in connection with State Hospitals, State Charitable Institutions, and State Prisons be not approved.

#### LEGISLATION SUBMITTED.

As a result of our investigations, and for the purpose of effectively carrying out the recommendations which we propose, we have submitted and herewith submit the following bills, and urge their adoption:

First. An act to create a Department of Efficiency and Economy.

Second. An act to establish a State Board of Estimate.

Third. An act to establish a State Board of Contract and Supply.

Fourth. An act amending the executive law, giving to the Comptroller the audit of all accounts.

Fifth. A companion bill to the last act, to further the accomplishing of the same purpose.

Sixth. An act to increase the tax upon motor vehicles.

Seventh. An act to increase the stock transfer tax.

Eighth. An act to raise additional revenues through the Agricultural Department of the State.

Ninth. An act to provide free text books throughout the State.

Tenth. An act to amend the Conservation Law so as to change

the Conservation Commission from a three-headed commission, as it is now constituted, to a single-headed commission.

Eleventh. An act to create out of the present Conservation Department a separate department of marine fisheries, under the supervision of a Commissioner of Marine Fisheries.

Twelfth. An act to amend the Navigation Laws, so as to reduce the number of inspectors of steam vessels from two, as now provided by law, to one, and containing such regulations as to the duties of the inspector and his compensation as will result in greater efficiency and economy.

Thirteenth. An act to amend the State Finance Law, so as to make the fiscal year begin July 1st instead of October 1st, and providing that this change shall go into effect on the 1st day of July, 1915.

Fourteenth. An act to amend the State Finance Law, so as to regulate the subject of unexpended balances, now involved in some confusion, by providing that all unexpended balances shall lapse and cease to be available at the end of the fiscal year for which the appropriations out of which the unexpended balances arise are made, subject to the power of the Legislature to provide in the act making the appropriation for a different period during which the appropriation shall be available. In order to avoid confusion in making this change in the law the act provides that its policy shall not become operative until the first day of October, 1914.

Fifteenth. An act to amend the Prison Law, so as to rearrange the State Commission of Prisons, now composed of seven members with a per diem charge for attendance at meetings, etc., to a Commission composed of three members to be appointed by the Governor, by and with the advice and consent of the Senate, at an annual salary of \$5,000 each, and transferring to the Commission of Prisons as thus rearranged the powers and duties of the present State Commission of Prisons, the present State Board of Classification and the present State Board of Parole.

Sixteenth. An act to amend chapter 613 of the Laws of 1910, in relation to the State Probation Commission, by transferring the powers and duties of the present State Probation Commission to the Commission of Prisons and abolishing the existing State Board of Probation.

Seventeenth. An act to amend chapter 670 of the Laws of 1906, which created a commission to select and purchase a site for a new state prison in the eastern part of the state to take the place of Sing Sing Prison, by transferring the powers and duties of the Commission authorized by said act to the Commission of Prisons, and abolishing the Commission authorized by the act mentioned.

Eighteenth. An act to appropriate \$600,000 for the elimination of grade crossings, \$300,000 to be appropriated to the Public Service Commission for the First District, and \$300,000 to the Public Service Commission for the Second District.

Nineteenth. An act to amend section 454 of the Code of Criminal Procedure, in relation to the defense of insanity, so as to provide that in cases where the defense of insanity is successfully interposed a final judgment shall be entered upon the verdict rendered pursuant to the requirements of the section, and further requiring that the Court must, if the defendant be in custody and it deems his discharge dangerous to the public peace or safety, commit him to the State Lunatic Asylum by an adjudication and order which shall be incorporated in the judgment to be entered upon the verdict, and making such judgment final and conclusive and not subject to review except by direct appeal.

This proposed legislation is intended to make the verdict of the jury acquitting a defendant on the ground of insanity and his commitment under such verdict, in case he shall be committed, a final judgment which shall prevent any attempt by writ of habeas corpus, or otherwise, to review that determination, except as it may be reviewed upon a direct appeal from the judgment. It is our opinion that this legislation will establish the status of an insane person acquitted because of insanity and committed to the lunatic asylum because his liberation would be dangerous to the public, so that the transparently inconsistent position of such a defendant that he was not insane when committed may not be made the subject of review in numerous habeas corpus proceedings after his commitment.

Twentieth. An act to repeal chapter 255 of the Laws of 1909, which empowered the Commissioners of the Land Office to adjust the claim of the Cayuga Nation of Indians. The act sought to be repealed was, in our opinion, improvident legislation. The course of procedure under the act has fully demonstrated this

criticism. When the claim was presented to the Commissioners of the Land Office, pursuant to the act, the Commissioners decided that the claim had no legal basis, and it therefore rejected the claim. An application was then made to the Supreme Court for a writ of mandamus to compel the Land Board to make an award under the statute upon the theory that the Legislature had established the claim by the act in question and left the Commissioners of the Land Office only the question of determining the amount of the claim within the amount prescribed as the maximum in the act. The writ of mandamus was denied at the Special Term, but reversed by a divided court in the Appellate Division, and that reversal sustained by a divided court in the Court of Appeals. The result of the litigation, practically, was that the courts determined that the Legislature had determined the validity of the claim and left to the Commissioners of the Land Office only the determination within the maximum amount prescribed. Of the amount to be awarded under this determination of the courts, the Commissioners of the Land Office have now made an award out of respect for the decision of the courts, but without changing its view that the claim rests upon no legal basis. It is apparent that the Legislature which passed the act in question did not contemplate any such result. If the claimant has any valid claim against the state the most that the Legislature should do is to authorize the submission of the merits of the claim to the proper and usual determination of the Board of Claims for the purpose of having the merits of the claim ascertained and determined. No appropriation has thus far been made for the payment of any award in this matter; therefore, it is within the discretion of the Legislature now in session to rearrange and readjust this matter according to its judgment as to what is the proper legislative policy under such circumstances. Our recommendation is that the law should be repealed, and that if any legislation is desired upon this subject it should be only such legislation as will submit the validity and merits of the claim to the Board of Claims for trial and determination in the usual course. This will avoid the imputation which the decision of the courts has placed upon the act in question that the Legislature intended to give to the claimant, without regard to the validity of its claim, such amount as might be fixed by the Commissioners of the Land Office, who were not given any power to determine the validity or merits of the claim itself.

Twenty-first. An act to repeal chapter 564 of the Laws of 1910 and its amendatory act, chapter 254 of the Laws of 1911, which constitute special legislation restricting the application of the general highway law of the state in certain special localities. The language of the original act was apparently general, but in reality applied to only one special locality. The language of the amendatory act was more general but to the same effect. The reason for such special legislation in derogation of the general policy of the state as expressed in the general Highway Law is not apparent.

Twenty-second. An act to create a Commission to revise the Banking Law and making an appropriation therefor.

Twenty-third. An act to amend the Banking Law in relation to books and accounts of corporations organized under it.

Twenty-fourth. An act to amend the Banking Law in relation to the powers of the Superintendent of Banks.

Twenty-fifth. An act to amend the Banking Law in relation to loans by a corporation organized under the Banking Law to its incorporators or shareholders to enable them to pay for, hold or purchase the shares of such corporation.

Twenty-sixth. An act to amend the Banking Law in relation to examinations by boards of directors of banks and trust companies and reports thereof.

Twenty-seventh. An act to amend the Banking Law in relation to the purchase of notes, bonds and other evidences of indebtedness secured by mortgage or other lien upon real estate upon which there is any prior mortgage, lien, or encumbrance.

Twenty-eighth. An act to amend the Penal Law in relation to the misconduct of officers, directors, trustees or employees of banking corporations.

Twenty-ninth. An act to amend the Penal Law in relation to falsification of books, reports or statements of corporations subject to the Banking Law by an officer, director, trustee, employee or agent thereof.

Thirtieth. An act to amend the Printing Law whereby it is intended to give to the State Printing Board power to system-

atically and economically provide for various printing contracts under which the state printing is to be done.

Thirty-first. An act to increase the fees paid to the health officer of the port of New York.

Thirty-second. An act to repeal the act providing for a farm and industrial colony for tramps and vagrants.

Thirty-third. An act to repeal that part of the Public Health Law providing for the appointment of a board to examine feeble-minded criminals and defectives.

Thirty-fourth. An act making appropriations for constructions, improvements, repairs and equipment at various State institutions.

Thirty-fifth. An act to amend chapter 445 of the Laws of 1912, repealing the provisions of the Health Law in relation to operations for the prevention of procreation.

Respectfully submitted,

JOHN N. CARLISLE,

JOHN H. DELANEY,

H. GORDON LYNN,

*Committee of Inquiry.*

JOHN T. NORTON,  
*Counsel.*

## APPENDICES.



## OPINION OF HON. JOHN T. NORTON, COUNSEL TO COMMITTEE OF INQUIRY, UPON SINKING FUNDS.

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We are advised by the Comptroller of the State that the several sinking funds, kept pursuant to law, are as follows:

(1) The sinking fund provided for the retirement of the bonds issued pursuant to the provisions of chapter 147 of the Laws of 1903 for the improvement of the Erie canal, the Oswego canal and the Champlain canal, a total issue of two million dollars, par value.

(2) The sinking fund provided for the retirement of the bonds issued pursuant to the provisions of chapter 147 of the Laws of 1903 and chapter 241 of the Laws of 1909 for the improvement of the Erie, Oswego and Champlain canals, a total issue of twenty-one million dollars, par value.

(3) The sinking fund provided for the retirement of the bonds issued pursuant to the provisions of chapter 147 of the Laws of 1903, chapter 302 of the Laws of 1906, chapter 241 of the Laws of 1909 and chapter 66 of the Laws of 1910, for the improvement of the Erie, Oswego and Champlain canals, a total issue of forty million dollars, to which is to be added an issue of twenty million dollars contemplated to be sold in the current year.

(4) The sinking fund provided for the retirement of the bonds issued pursuant to the provisions of chapter 391 of the Laws of 1909 and chapter 139 of the Laws of 1910 for the improvement of the Cayuga and Seneca canals, a total issue of three million dollars, to which is to be added an issue of two million dollars contemplated to be sold in the current year.

(5) The sinking fund provided for the retirement of the bonds issued pursuant to the provisions of chapter 746 of the Laws of 1911, for furnishing proper terminals and facilities for barge canal traffic, including the acquisition and interchange of property therefor, a total issue of five million dollars, to which is to be added an issue of five million dollars contemplated to be sold in the current year.

(6) The sinking fund provided for the retirement of the bonds issued pursuant to the provisions of chapter 479 of the Laws of

1906 and chapter 718 of the Laws of 1907 for the improvement of highways, a total issue of thirty-four million dollars, to which is to be added an issue of sixteen million dollars contemplated to be sold in the current year.

(7) The sinking fund provided for the retirement of the bonds issued pursuant to the provisions of chapter 363 of the Laws of 1910 for the improvement and extension of Palisades Interstate Park, a total issue of two million five hundred thousand dollars, par value.

The total amount, par value, of bonds issued and outstanding to which these sinking funds relate, is one hundred and seven million five hundred thousand dollars. The contemplated issues during the current year amount to forty-three million dollars. Thus, the grand total is one hundred and fifty million five hundred thousand dollars.

In these several sinking funds, the Comptroller, after the method that has grown up in his office, has figured that there should be added, by appropriation or direct tax, for the fiscal year beginning October 1, 1913, the following amounts, viz.:

Fund.	Total to be added	For principal.	For interest.
(1) <i>supra</i> ....	\$264,551 66	\$204,551 66	\$60,000 00
(2) <i>supra</i> ....	925,930 82	295,930 82	630,000 00
(3) <i>supra</i> ....	3,306,895 77	906,895 77	2,400,000 00
(4) <i>supra</i> ....	275,574 66	75,574 66	200,000 00
(5) <i>supra</i> ....	661,379 16	261,379 16	400,000 00
(6) <i>supra</i> ....	60,626 42	30,626 42	30,000 00
(6) <i>supra</i> ....	3,260,000 00	980,000 00	2,280,000 00
(7) <i>supra</i> ....	137,787 32	37,787 32	100,000 00
 Total....	 \$8,892,745 81	 \$2,792,745 81	 \$6,100,000 00

On the 31st day of December, 1912, there were in the various sinking funds named the following amounts, viz.:

Canals (1), (2), (3) and (4), <i>supra</i> .....	\$17,907,324 72
Highways (5) and (6), <i>supra</i> .....	4,320,913 76
Palisades Interstate Park (7), <i>supra</i> .....	75,802 47
 Total . . . . .	 \$22,304,040 95

This total of sinking funds is now held in the following form:		
Investments	.....	\$20,426,746 84
Cash	.....	1,877,294 11
		—————
Total	.....	\$22,304,040 95
		—————

As clearly shown in the report of Mr. Cameron, these sinking funds, because of erroneous practices with reference to calculation of contributions to them, are far in excess of the amount necessary or proper to be included therein as follows:

Excess in canal funds.....	\$15,347,840 54
Excess in highway funds.....	3,394,395 36
Excess in Palisades Interstate Park fund.....	30,810 07
	—————
Total excess .....	\$18,773,045 97
	—————

According to the Comptroller's statement, the revenue from sinking fund investments, based on the securities now held for the various funds, for one year will aggregate the sum of \$776,192.70.

The provisions of the Constitution of the State relating to these sinking funds are as follows:

#### ARTICLE VII, § 4.

Debts such as may be contracted are required to be "authorized by law"; "and such law shall impose and provide for the collection of a direct annual tax to pay, and sufficient to pay, the interest on such debt as it falls due, and also to pay and discharge the principal of such debt within fifty years from the time of the contracting thereof. \* \* \* When any sinking fund created under this section shall equal in amount the debt for which it was created, no further direct tax shall be levied on account of said sinking fund, and the Legislature shall reduce the tax to an amount equal to the accruing interest on such debt."

#### ARTICLE VII, § 5.

The sinking funds provided for the payment of interest and the extinguishment of the principal of the debts of the State shall be separately kept and safely invested, and neither of them shall be appropriated or used in any manner other than for the specific purpose for which it shall have been provided.

#### ARTICLE VII, § 10.

The canals may be improved in such manner as the Legislature shall provide by law. A debt may be authorized for that purpose in the mode prescribed by section four of this article, or the cost of such improvement may be defrayed by the appropriation of funds from the State treasury, or by equitable annual tax.

## ARTICLE VII, § 11.

The Legislature may appropriate out of any funds in the treasury, moneys to pay the accruing interest and principal of any debt heretofore or hereafter created, or any part thereof and may set apart in each fiscal year, moneys in the State treasury as a sinking fund to pay the interest as it falls due, and to pay and discharge the principal of any debt heretofore or hereafter created under section four of article seven of the constitution until the same shall be wholly paid, and the principal and income of such sinking fund shall be applied to the purpose for which said sinking fund is created and to no other purpose whatever; and, *in the event such moneys so set apart in any fiscal year be sufficient to provide such sinking fund, a direct annual tax for such year need not be imposed and collected, as required by the provisions of said section four of article seven, or of any law enacted in pursuance thereof.*

## ARTICLE VII, § 12.

A debt or debts of the State may be authorized by law for the improvement of highways. \* \* \* The aggregate of the debts authorized by this section shall not at any one time exceed the sum of fifty millions of dollars. *The payment of the annual interest on such debt and the creation of a sinking fund of at least two per centum per annum to discharge the principal at maturity shall be provided by general laws whose force and effect shall not be diminished during the existence of any debt created thereunder. \* \* \* None of the provisions of the fourth section of this article shall apply to debts for the improvement of highways hereby authorized.*

The various provisions of the statutes relating to these sinking funds are as follows:

**IMPROVEMENT OF ERIE, OSWEGO AND CHAMPLAIN CANALS.**

**Laws of 1903, Chapter 147, Part of § 2.**

AN ACT making provision for issuing bonds to the amount of not to exceed one hundred and one million dollars for the improvement of the Erie canal, the Oswego canal and the Champlain canal, and providing for a submission of the same to the people to be voted upon at the general election to be held in the year nineteen hundred and three.

There is hereby imposed for each year after this act goes into effect until all the bonds issued under the authority of this act shall be due, *an annual tax of twelve one-thousandths of a mill upon each dollar of valuation of the real and personal property in this state subject to taxation, for each and every one million dollars or part thereof in par value of said bonds issued and outstanding in any of said fiscal years, the annual amount of such tax to be computed by the comptroller, which taxes shall be assessed, levied and collected by the annual assessment and collection of taxes of each of such years in the manner prescribed by law and shall be paid by the several county treasurers into the treasury of the state, and the proceeds of said tax, after paying the interest due upon the outstanding bonds shall be invested by the comptroller under the direction of the commissioners of the canal fund, and,*

together with the interest arising therefrom, shall be devoted to the sinking fund which is hereby created, payment from which shall be made to the extinguishment of the indebtedness created by the sale of the aforesaid bonds as the said bonds become due and for no other purpose whatever.

**Laws of 1906, Chapter 302, part of § 2 and § 4.**

AN ACT providing for the issue of bonds of the state to run for a period of fifty years in lieu of bonds heretofore authorized by chapter one hundred and forty-seven of the laws of nineteen hundred and three, but not issued.

There is hereby imposed for each year after this act goes into effect, until provision is fully made for the payment of the interest and principal of said bonds a direct annual tax sufficient to pay said interest and principal within fifty years, to wit: a tax of four hundred and eighty-one one-thousandths of a mill upon each dollar of valuation of real and personal property in the state subject to taxation, which taxes shall be assessed, levied and collected by the annual assessment and collection of taxes in each of said years in the manner prescribed by law, and shall be paid by the several county treasurers into the treasury of the state. *The proceeds of such tax shall be invested by the comptroller under the direction of the commissioners of the canal fund, and, together with the interest arising therefrom, any premiums received on the sale of said bonds, and interest accruing on deposits of money received from the sale of said bonds, or from miscellaneous sources, shall constitute a sinking fund, which is hereby created.* Said fund shall be used solely for the purpose of paying the principal, and interest of bonds issued in accordance with the provisions of this act. *Provided*, however, that in case the Legislature shall set apart in any fiscal year, moneys in the state treasury as a sinking fund to pay the interest on the said bonds as it falls due and to pay and discharge the principal thereof, and such moneys shall be sufficient to provide a sum equal to the amount that would otherwise have been raised, as hereinbefore provided in such fiscal year for such sinking fund, *a direct annual tax for such year shall not be imposed and collected as required by the provisions of this act.*

§ 4. Any surplus arising from the sale of bonds, the sale of abandoned lands, or from the sale of buildings, or other property upon lands, condemned or otherwise purchased, for purposes of said improvement, over and above the cost of the entire work of the said improvement of the canals, shall be applied to the sinking fund for the payment of the said bonds.

**Laws of 1909, Chapter 241, part of § 2.**

AN ACT to amend chapter three hundred and two of the laws of nineteen hundred and six, entitled "An act providing for the issue of bonds of the state to run for a period of fifty years in lieu of bonds heretofore authorized by chapter one hundred and forty-seven of the laws of nineteen hundred and three, but not issued," relative to the annual tax to be imposed for the payment of the principal and interest of such bonds.

*There is hereby imposed a direct annual tax to pay and sufficient to pay, the interest on each bond issued under this act as it falls due, and to pay, and sufficient to pay and discharge the principal of each of such bonds within fifty years from the date thereof.* The rate of such annual tax shall

be four one-thousandths of a mill on each dollar of valuation of real and personal property in this state subject to taxation, for each and every one million dollars, or fraction thereof, in par value of said bonds issued under this act, and outstanding or to be outstanding during the fiscal year during which the amount of such tax is computed. The legislature shall each year compute the amount of tax required as above specified, and in making such computation shall include, at the rate above mentioned, such bonds as will be required to be issued under this act during the fiscal year for which the amount of such tax is so computed. The tax imposed, as herein provided, shall be assessed, levied and collected in the manner prescribed by law, and shall be paid by the several county treasurers into the treasury of the state. *The proceeds of such tax shall be invested by the comptroller under the direction of the commissioners of the canal fund and together with the interest arising therefrom, any premiums received on the sale of said bonds, and interest accruing on deposits of money received from the sale of said bonds, or from miscellaneous sources, shall constitute a sinking fund, which is hereby created.* Said fund shall be used solely for the purpose of paying the principal and interest of bonds issued in accordance with the provisions of this act. *Provided*, however, that in case the legislature shall set apart in any fiscal year moneys in the state treasury as a sinking fund to pay the interest on the said bonds as it falls due and to pay and discharge the principal thereof, and such moneys shall be sufficient to provide a sum equal to the amount that would otherwise have been raised, as hereinbefore provided, in such fiscal year for such sinking fund, *a direct annual tax for such year shall not be imposed and collected as required by the provisions of this act.*

**Laws of 1910, Chapter 66, part of § 2 and § 4.**

AN ACT providing for the issue of bonds of the state to run for a period of fifty years in lieu of bonds heretofore authorized by chapter one hundred and forty-seven of the laws of nineteen hundred and three and by chapter three hundred and two of the laws of nineteen hundred and six, as amended by chapter two hundred and forty-one of the laws of nineteen hundred and nine, but not issued.

*There is hereby imposed a direct annual tax to pay and sufficient to pay the interest on each bond issued under this act as it falls due, and to pay and sufficient to pay and discharge the principal of each of such bonds within fifty years from the date thereof.* The rate of such annual tax shall be five one-thousandths of a mill on each dollar of valuation of real and personal property in this state subject to taxation, for each and every one million dollars, or fraction thereof, in par value of said bonds issued under this act, and outstanding or to be outstanding during the fiscal year during which the amount of such tax is computed. The legislature shall each year compute the amount of tax required as above specified, and in making such computation shall include, at the rate above mentioned, such bonds as will be required to be issued under this act during the fiscal year for which the amount of such tax is so computed. The tax imposed, as herein provided, shall be assessed, levied and collected in the manner prescribed by law, and shall be paid by the several county treasurers into the treasury of the state. *The proceeds*

of such tax shall be invested by the comptroller under the direction of the commissioners of the canal fund and together with the interest arising therefrom, any premiums received on the sale of said bonds, and interest accruing on deposits of money received from the sale of said bonds, or from miscellaneous sources, shall constitute a sinking fund, which is hereby created. Said fund shall be used solely for the purpose of paying the principal and interest of bonds issued in accordance with the provisions of this act. Provided, however, that in case the legislature shall set apart in any fiscal year moneys in the state treasury as a sinking fund to pay the interest on the said bonds as it falls due and to pay and discharge the principal thereof, and such moneys shall be sufficient to provide a sum equal to the amount that would otherwise have been raised, as hereinbefore provided, in such fiscal year for such sinking fund, a direct annual tax for such year shall not be imposed and collected as required by the provisions of this act."

§ 4. Any surplus arising from the sale of bonds, the sale of abandoned lands, or from the sale of buildings, or other property upon lands, condemned or otherwise purchased, for purposes of said improvement, over and above the cost of the entire work of the said improvement of the canals, shall be applied to the sinking fund for the payment of the said bonds.

**Laws of 1912, Chapter 186, part of § 2.**

**AN ACT** to amend chapter sixty-six of the laws of nineteen hundred and ten, entitled "An act providing for the issue of bonds of the state to run for a period of fifty years in lieu of bonds heretofore authorized by chapter one hundred and forty-seven of the laws of nineteen hundred and three and by chapter three hundred and two of the laws of nineteen hundred and six, as amended by chapter two hundred and forty-one of the laws of nineteen hundred and nine, but not issued," in relation to the issue and sale of bonds thereunder.

*There is hereby imposed a direct annual tax to pay and sufficient to pay the interest on each bond issued under this act as it falls due, and to pay and sufficient to pay and discharge the principal of each of such bonds within fifty years from the date thereof.* The rate of such annual tax shall be five one-thousandths of a mill on each dollar of valuation of real and personal property in this state subject to taxation, for each and every one million dollars, or fraction thereof, in par value of said bonds issued under this act, and outstanding or to be outstanding during the fiscal year during which the amount of such tax is computed. The legislature shall each year compute the amount of tax required as above specified, and in making such computation shall include, at the rate above mentioned, such bonds as will be required to be issued under this act during the fiscal year for which the amount of such tax is so computed. The tax imposed, as herein provided, shall be assessed, levied and collected in the manner prescribed by law, and shall be paid by the several county treasurers into the treasury of the state. *The proceeds of such tax shall be invested by the comptroller under the direction of the commissioners of the canal fund and together with the interest arising therefrom, any premiums received on the sale of said bonds, and interest accruing on deposits of money received from the sale of said bonds, or from miscellaneous sources, shall constitute a sinking fund, which is*

hereby created. Said fund shall be used solely for the purpose of paying the principal and interest of bonds issued in accordance with the provisions of this act. *Provided*, however, that in case the legislature shall set apart in any fiscal year moneys in the state treasury as a sinking fund to pay the interest on the said bonds as it falls due and to pay and discharge the principal thereof, and such moneys shall be sufficient to provide a sum equal to the amount that would otherwise have been raised, as hereinbefore provided, in such fiscal year, for such sinking fund, a direct annual tax for such year shall not be imposed and collected as required by the provisions of this act.

#### CAYUGA AND SENECA CANALS.

##### Laws of 1909, Chapter 391, part of § 2 and § 7.

AN ACT making provision for issuing bonds to the amount of not to exceed seven million dollars for the improvement of the Cayuga and Seneca canals, and providing for a submission of the same to the people to be voted upon at the general election to be held in the year nineteen hundred and nine.

*There is hereby imposed a direct annual tax to pay and sufficient to pay, the interest on each bond issued under this act as it falls due, and to pay, and sufficient to pay and discharge the principal of each of such bonds within fifty years from the date thereof.* The rate of such annual tax shall be four one-thousandths of a mill on each dollar of valuation of real and personal property in this state subject to taxation, for each and every one million dollars, or fraction thereof, in par value of said bonds issued under this act, and outstanding or to be outstanding during the fiscal year during which the amount of such tax is computed. The legislature shall each year compute the amount of tax required as above specified and in making such computation shall include, at the rate above mentioned, such bonds as will be required to be issued under this act during the fiscal year for which the amount of such tax is so computed. The tax imposed as herein provided, shall be assessed, levied and collected in the manner prescribed by law, and shall be paid by the several county treasurers into the treasury of the state. *The proceeds of such tax shall be invested by the comptroller under the direction of the commissioners of the canal fund and together with the interest arising therefrom, any premiums received on the sale of said bonds, and interest accruing on deposits of money received from the sale of said bonds, or from miscellaneous sources, shall constitute a sinking fund, which is hereby created.* Said fund shall be used solely for the purpose of paying the principal and interest of bonds issued in accordance with the provisions of this act. *Provided*, however, that in case the legislature shall set apart in any fiscal year moneys in the state treasury as a sinking fund to pay the interest on the said bonds as it falls due and to pay and discharge the principal thereof, and such moneys shall be sufficient to provide a sum equal to the amount that would otherwise have been raised, as hereinbefore provided in such fiscal year for such sinking fund, a direct annual tax for such year shall not be imposed and collected as required by the provisions of this act.

§ 7. Any surplus arising from the sale of bonds and the sale of abandoned lands over and above the cost of the entire work of the improvement of the canals as herein provided for shall be applied to the sinking fund for the payment of said bonds.

**Laws of 1910, Chapter 139, part of § 2 and § 4.**

AN ACT providing for the issue of bonds of the state to run for a period of fifty years in lieu of bonds heretofore authorized by chapter three hundred and ninety-one of the laws of nineteen hundred and nine, but not issued.

*There is hereby imposed a direct annual tax to pay and sufficient to pay the interest on each bond issued under this act as it falls due, and to pay and sufficient to pay and discharge the principal of each of such bonds within fifty years from the date thereof.* The rate of such annual tax shall be five one-thousandths of a mill on each dollar of valuation of real and personal property in this state subject to taxation for each and every one million dollars, or fraction thereof, in par value of said bonds issued under this act, and outstanding or to be outstanding during the fiscal year during which the amount of such tax is computed. The legislature shall each year compute the amount of tax required as above specified, and in making such computation shall include, at the rate above mentioned, such bonds as will be required to be issued under this act during the fiscal year for which the amount of such tax is so computed. The tax imposed, as herein provided, shall be assessed, levied and collected in the manner prescribed by law, and shall be paid by the several county treasurers into the treasury of the state. *The proceeds of such tax shall be invested by the comptroller under the direction of the commissioners of the canal fund and together with the interest arising therefrom, any premiums received on the sale of said bonds and interest accruing on deposits of money received from the sale of said bonds, or from miscellaneous sources, shall constitute a sinking fund, which is hereby created.* Said fund shall be used solely for the purpose of paying the principal and interest of bonds issued in accordance with the provisions of this act. *Provided, however, that in case the legislature shall set apart in any fiscal year moneys in the state treasury as a sinking fund to pay the interest on the said bonds as it falls due and to pay and discharge the principal thereof, and such moneys shall be sufficient to provide a sum equal to the amount that would otherwise have been raised, as hereinbefore provided, in such fiscal year for such sinking fund, a direct annual tax for such year shall not be imposed and collected as required by the provisions of this act.*

§ 4. Any surplus arising from the sale of bonds, the sale of abandoned lands, or from the sale of buildings, or other property upon lands, condemned or otherwise purchased, for purposes of said improvement, over and above the cost of the entire work of the said improvement of the canal, shall be applied to the sinking fund for the payment of the said bonds.

**BARGE CANAL TERMINALS.**

**Laws of 1911, Chapter 746, part of § 3 and § 19.**

AN ACT making provision for issuing bonds to the amount of not to exceed nineteen million eight hundred thousand dollars for the purpose of furnishing proper terminals and facilities for barge canal traffic, including the acquisition and interchange of property therefor, with a view to improving and fostering the commerce of the state, and providing for a submission of the same to the people to be voted upon at the general election to be held in the year nineteen hundred and eleven.

*There is hereby imposed a direct annual tax to pay and sufficient to pay the interest on each bond issued under this act as it falls due, and to pay and sufficient to pay and discharge the principal of each of such bonds within thirty years from the date thereof. The rate of such annual tax shall be six one-thousandths of a mill on each dollar of valuation of real and personal property in this state subject to taxation for each and every one million dollars, or fraction thereof, in par value of said bonds issued under this act, and outstanding or to be outstanding during the fiscal year during which the amount of such tax is computed. The tax imposed, as herein provided, shall be assessed, levied and collected in the manner prescribed by law, and shall be paid by the several county treasurers into the treasury of the state. The proceeds of such tax shall be invested by the comptroller under the direction of the commissioners of the canal fund and together with the interest arising therefrom, any premiums received on the sale of said bonds, and interest accruing on deposits of money received from the sale of said bonds or from miscellaneous sources shall constitute a sinking fund which is hereby created. Said fund shall be used solely for the purpose of paying the principal and interest of bonds issued in accordance with the provisions of this act.*

§ 19. Any surplus arising from the sale of bonds over and above the cost of the work herein provided for shall be applied to the sinking fund for the payment of said bonds.

#### IMPROVEMENT OF HIGHWAYS.

Laws of 1906, Chapter 469, § 3 and part of § 4.

An Act to provide for issuing of bonds of the state for the improvement of highways, and making an appropriation therefor.

§ 3. There shall be two classes of bonds for highway improvement, known as class A and class B, the former being redeemable from a sinking fund maintained by the state as hereinafter provided, and the latter redeemable from redemption fund provided by the counties and towns wherein the proceeds of such bonds have been applied to the improvement of the highways.

*There is hereby imposed for each year hereafter until all the class A bonds issued under the authority of this act shall be due, an annual tax of fifty-five ten-thousandths of a mill upon each dollar of real and personal property in this state subject to taxation for each and every one million dollars or part thereof in par value of said bonds issued and outstanding in any of said fiscal years. The annual amount of such tax shall be computed by the comptroller and shall be assessed, levied and collected annually in each of such years in the manner prescribed by law for the assessment, levy and collection of state taxes and shall be paid by the several county treasurers into the treasury of the state and the proceeds of such taxes after paying the interest due upon such outstanding bonds shall be invested by the comptroller in securities in which he is authorized by law to invest the trust and sinking funds of the state and together with the interest arising therefrom and any premiums received from said bonds and interest accruing on deposits of money received from the sale of such bonds shall constitute a sinking fund which is hereby created for the redemption of such bonds. Such sinking fund*

shall be used solely for the purpose of paying the principal and interest on class A bonds issued in accordance with the provisions of this act, *provided*, however, that in case the legislature shall hereafter in any fiscal year appropriate out of funds in the treasury moneys to provide a sum equal to the amount which would otherwise have been raised as hereinbefore provided in such fiscal year for such sinking fund, *no direct annual tax for such year shall be imposed and collected as before provided*.

**Laws of 1907, Chapter 718, part of § 4.**

**AN ACT** to amend chapter four hundred and sixty-nine of the laws of nineteen hundred and six, entitled "An act to provide for issuing of bonds of the state for the improvement of highways, and making appropriation therefor," generally.

*There is hereby imposed upon the real and personal property subject to taxation in this state, an annual tax of two cents for each one dollar of bonds issued under the provisions of this act and outstanding, to provide a sinking fund to redeem said bonds at maturity, and in like manner, a tax of four cents for each one dollar of bonds issued and outstanding which bear interest at the rate of four per centum per annum to provide for the payment of interest upon said bonds; a tax of three and one-half cents for each one dollar of bonds issued and outstanding which bear interest at the rate of three and one-half per centum per annum to provide for the payment of interest upon such bonds and a tax of three cents for each one dollar of bonds issued and outstanding which bear interest at the rate of three per centum per annum to provide for the payment of interest upon such bonds.* The amount of such tax shall be annually computed by the comptroller and shall be assessed, levied and collected in each of such years in the manner prescribed by law for the assessment, levy and collection of state taxes and shall be paid by the several county treasurers into the treasury of the state at the times and in the manner prescribed by law for the payment of state taxes to the state treasurer and *the proceeds of such taxes after paying the interest due upon such outstanding bonds shall be invested by the comptroller in securities in which he is authorized by law to invest the trust and sinking funds of the state.* Such sinking fund shall be used solely for the purpose of paying the principal on the bonds issued in accordance with the provisions of this act, *provided*, however, that in case the legislature shall hereafter in any fiscal year appropriate out of funds in the treasury moneys to provide a sum equal to the amount which would otherwise have been raised by taxation as hereinbefore provided in such fiscal year for such sinking fund and interest on such bonds, *no direct state tax for such year shall be imposed or collected as above provided, and provided also that when the payments to the sinking fund of premiums upon bonds sold, interest upon investments made from the sinking fund and the moneys received from the towns and counties as and for their share of the cost of highways improved with funds made available under the provisions of this act, shall amount to a sum equal to the amount of any annual tax herein required to be levied to provide payment of the interest upon bonds outstanding and the annual payment to the sinking fund, then the comptroller shall make*

*a special recommendation to the legislature asking that the legislature shall direct that so much of the said accumulation as may be sufficient to pay the interest due in that year and provide the amount due to the sinking fund shall be used for such purposes and that no state tax shall be levied for that year as herein provided.*

### IMPROVEMENT OF HIGHWAYS 1912.

**Laws of 1912, Chapter 298, part of § 2 and § 8.**

**AN ACT** making provision for issuing bonds to the amount of not to exceed fifty million dollars for the purpose of constructing and improving state and county highways, and providing for a submission of the same to the people to be voted upon at the general election to be held in the year nineteen hundred and twelve.

There is hereby imposed a direct annual tax to pay and sufficient to pay the interest on each bond issued under this act as it falls due, and to pay and sufficient to pay and discharge the principal of each of such bonds within fifty years from the date thereof. The rate of such annual tax shall be five one-thousandths of a mill on each dollar of valuation of real and personal property in this state subject to taxation, for each and every one million dollars, or fraction thereof, in par value of said bonds issued under this act, and outstanding or to be outstanding during the fiscal year during which the amount of such tax is computed. The tax imposed, as herein provided, shall be assessed, levied and collected in the manner prescribed by law, and shall be paid by the several county treasurers into the treasury of the state. The proceeds of such tax shall be invested by the comptroller in securities in which he is authorized by law to invest the trust and sinking funds of the state, and together with the interest arising therefrom, any premiums received on the sale of said bonds, and interest accruing on deposits of money received from the sale of said bonds or from miscellaneous sources shall constitute a sinking fund which is hereby created. Said fund shall be used solely for the purpose of paying the principal and interest of bonds issued in accordance with the provisions of this act.

§ 8. Any surplus arising from the sale of bonds over and above the cost of the work herein provided for shall be applied to the sinking fund for the payment of said bonds.

(*Note.—There have been no bonds issued under this law.*)

### PALISADES INTERSTATE PARK.

**Laws of 1910, Chapter 363, part of § 2.**

**AN ACT** making provision for issuing bonds to an amount not exceeding two million five hundred thousand dollars, for the use of the commissioners of the Palisades Interstate park in the extension and improvement of the park under their jurisdiction as from time to time such park may exist, and providing for a submission of the same to the people, to be voted upon at the general election to be held in the year nineteen hundred and ten.

*There is hereby imposed for each year after this act goes into effect, until provision is fully made for the payment of the interest and principal of said bonds, a direct annual tax sufficient to pay the interest on such bonds, or*

the debt represented by such bonds, as it falls due, and also to pay and discharge the principal of such bonds, or the debt represented thereby, within fifty years from the time of the issuance of such bonds, to wit: A tax of one hundred and twenty-five ten-thousandths of a mill upon each dollar of valuation of real and personal property in this state, subject to taxation, which taxes shall be assessed, levied and collected by the annual assessment and collection of taxes in each of said years in the manner prescribed by law, and shall be paid by the several county treasurers into the treasury of the state. The proceeds of said tax shall be invested by the comptroller, and together with the interest arising therefrom, any premiums received on the sale of said bonds and interest accruing on deposits of money received from the sale of said bonds or from miscellaneous sources, if any, shall constitute a sinking fund which is hereby created for the payment of the interest on and the extinguishment of the principal of such bonds or the debt represented thereby. Such sinking fund shall be separately kept and safely invested by the comptroller and together with the interest arising therefrom shall be devoted and used solely for the purpose of paying the principal and interest of bonds issued in accordance with the provisions of this act as aforesaid, and shall not be appropriated or used in any other manner whatever; provided, however, that when such sinking fund shall equal in amount the debt for which it was created, no further direct tax shall be levied on account of said sinking fund and the tax hereinbefore provided for shall be reduced to an amount equal to the accruing interest on said debt.

**Laws of 1911, Chapter 868, § 1.**

**AN ACT** to provide ways and means for the support of government.

There shall be imposed, for the fiscal year beginning on the first day of October, nineteen hundred and eleven, on each dollar of real and personal property of this state subject to taxation, taxes for the purposes hereinafter mentioned, which taxes shall be assessed, levied and collected by the annual assessment and collection of taxes of that year in the manner prescribed by law, and shall be paid by the several county treasurers into the treasury of this state, to be held by the treasurer, to be applied to the purposes specified; that is to say: For the general fund, and for the payment of those claims and demands which shall constitute a lawful charge upon that fund during the fiscal year commencing October first, nineteen hundred and eleven, one hundred ninety-one one-thousandths of a mill; for the annual contribution to the canal debt sinking fund, pursuant to the provisions of chapter one hundred and forty-seven of the laws of nineteen hundred and three, twenty-four one-thousandths of a mill; for the annual contribution to the canal debt sinking fund pursuant to chapter one hundred and forty-seven of the laws of nineteen hundred and three and chapter three hundred and two of the laws of nineteen hundred and six, as amended by chapter two hundred and forty-one of the laws of nineteen hundred and nine eighty-four one-thousandths of a mill; for the annual contribution to the canal debt sinking fund pursuant to chapter one hundred and forty-seven of the laws of nineteen hundred and three, chapter three hundred and two of the laws of nineteen hundred and six as amended by chapter two hundred

and forty-one of the laws of nineteen hundred and nine and chapter sixty-six of the laws of nineteen hundred and ten, ten one-hundredths of a mill; for the annual contribution to the canal debt sinking fund, pursuant to chapter three hundred and ninety-one of the laws of nineteen hundred and nine, and chapter one hundred and thirty-nine of the laws of nineteen hundred and ten, fifteen one-thousandths of a mill; for the annual contribution to the highway improvement sinking fund, pursuant to chapter four hundred and sixty-nine of the laws of nineteen hundred and six, fifty-five ten-thousandths of a mill; for the annual contribution to the highway improvement sinking fund, pursuant to chapter four hundred and sixty-nine of the laws of nineteen hundred and six, as amended by chapter seven hundred and eighteen of the laws of nineteen hundred and seven, one-hundred sixty-eight one-thousandths of a mill; for the annual contribution to Palisades Interstate Park debt sinking fund, pursuant to chapter three hundred and sixty-three of the laws of nineteen hundred and ten, one hundred twenty-five ten-thousandths of a mill.

#### OPINION.

In the foregoing statement, the effort has been made to present a faithful record of the various sinking funds now maintained by the State, the present condition of those funds, the provisions of the Constitution of the State requiring them and the several statutes, unfortunately not all parts of an harmonious whole, relating to them.

The funds and their condition are the subjects to be treated. The provisions of the Constitution furnish the requirement and the reason for the creation and for the existence of the funds. The statutes are regulative merely and are subject to change, alteration, correction, amendment or repeal, by the Legislature now in session, for the Legislature in session one year may always change, alter, correct, amend or repeal its own enactments or the enactments of a previous session, except only in so far as it is limited therein by the express provisions or by the implied prohibitions of the Constitution. It is, therefore, unnecessary to analyze or to attempt to harmonize the statutes mentioned, for they are not controlling upon the action of the Legislature at its present session.

The inquiry is, thus, narrowed to the consideration of the question as to whether or not the abnormal condition of the sinking funds is the unavoidable result of the provisions of the Constitution relating to them.

For the useful purposes of this discussion, only two classes or kinds of sinking funds, provided for in the Constitution, need be considered, viz: (1) The canals sinking funds; and (2) the highways sinking funds.

Relating to canals sinking funds, the provisions of the Constitution are found in sections 4, 10 and 11 of article VII. Section 12 of the same article relates exclusively to the highways sinking funds. Section 5 of this article is general, and applies to all sinking funds required by the provisions of the Constitution to be created and maintained. It is not important here.

### CANALS SINKING FUNDS.

Section 10 of article VII of the Constitution, so far as it bears upon this discussion, refers to section 4 of the same article for the mode in which a debt within its purpose may be authorized. Its provisions, therefore, furnish no basis for argument and require no comment.

Section 11 of article VII is useful to the discussion only because of its provisions which allow an appropriation from funds in the treasury to take the place of moneys provided by section 4 to be raised by direct tax, and, thus, in the case of such appropriation, allows a direct tax to be avoided.

Section 4 of article VII, therefore, contains the provisions which require consideration, viz: That moneys required to pay the debt authorized shall be provided by means of "a direct annual tax" (or by appropriation as provided in section 11) "to pay, and sufficient to pay, the interest on such debt as it falls due, and also to pay and discharge the principal of such debt within fifty years from the time of the contracting thereof. \* \* \* In case the Legislature increase the rate of interest upon any such debt, or part thereof, it shall impose and provide for the collection of a direct annual tax to pay and sufficient to pay the increased or altered interest on such debt as it falls due and also to pay and discharge the principal of such debt within fifty years from the time of the contracting thereof, *and shall appropriate annually to the sinking fund moneys in amount sufficient to pay such interest and pay and discharge the principal of such debt when it shall become due and payable.*"

Thus the purpose is clearly expressed to provide a sinking fund for the payment of the interest on the debt when due, and for the payment of the principal of the debt, when it becomes due. As if to emphasize the purpose to create a sinking fund only sufficient to pay the interest and the principal of the debt, and not to create a fund larger than sufficient to pay the debt at maturity and the interest as it accrues, the section contains this significant restric-

tion: "When any sinking fund created under this section shall equal in amount the debt for which it was created, no further direct tax shall be levied on account of said sinking fund, and the Legislature shall reduce the tax to an amount equal to the accruing interest on such debt." Therefore, the purpose clearly is to provide a sinking fund, by yearly contributions thereto, sufficient to pay the correct accruing interest upon the debt and to proportionately build up the principal of the fund, so that, at the maturity of the debt, the amount required to pay and discharge it shall be on hand in the sinking fund. As we have seen, in the portion of the section last quoted, special care was taken to provide against the accumulation of an amount greater than the amount required to pay the interest on the debt from time to time as it became due and the principal of the debt at maturity. This provision cannot be otherwise construed than as an efficient preventative against the accumulation, by error, mistake or otherwise, of a greater fund than the payment of the debt and the interest upon it required. It effectively provides a corrective against error or mistake in the accumulation of the fund, which might naturally and almost unavoidably arise from a conservative method of amortizing the debt, and which would naturally show in the years immediately preceding the maturity of the debt.

Obviously, it was not the intention to authorize a debt to run for fifty years and to provide the necessary funds to pay the debt in thirty-one years, to use the illustration pointedly made in the report of Mr. Cameron. There is no reason in such a proposition. If it was the intention of the Constitution to defer the payment of the debt for fifty years, and to accumulate a fund for the payment of the debt at its maturity in thirty years, the Constitution would unquestionably have so declared, for, otherwise, it would be unreasonable to infer such an intention. The natural inference to be drawn from a provision deferring the payment of a public debt for fifty years is that it is deemed wise public policy, in the interest and for the convenience of the tax-payers, to so defer the payment. If in connection with the deferring of the payment of the debt for fifty years, provision is made for the accumulation of a fund annually for the payment of the debt at maturity, the natural inference is that the accumulation shall be proportionate during the years during which the payment is deferred. Otherwise, the fund to pay the debt at the end of fifty years might be accumulated in forty or thirty or

twenty or ten years or in a single year. It might be accumulated in a large proportion one year and in a small proportion the next, and, in this and, possibly, other ways, wide opportunity would be afforded for juggling with the funded debts for political or other ulterior purposes. If the Constitution intended this loose and questionable policy with regard to its funded debts and their liquidation, and did not intend the natural, safe and convenient policy of providing for deferring the time of payment and the accumulation of a fund for payment at the maturity of the debt through proportionate annual accumulations, the Constitution, as before suggested, would have so declared. In the absence of specific and plain declaration to that effect, the Constitution, in its provisions in question, should be read and understood as providing the natural, safe and convenient policy of amortizing its funded debts.

My conclusion, therefore, is that the excess accumulations in the canals sinking funds are not the fault of the Constitution, or its provisions, but are, rather, the outgrowth of an erroneous and mistaken policy pursued by those who have managed this feature of the state's business.

#### HIGHWAYS SINKING FUNDS.

Section 12 of article VII of the Constitution contains the only constitutional provisions upon the subject of highways sinking funds. With regard to the debts authorized, the provision for payment and sinking fund is as follows:

“The payment of the annual interest on such debt and the creation of a sinking fund of at least two per centum per annum to discharge the principal at maturity shall be provided by general laws.”

It is instructive to note the provisions of the general laws bearing upon the subject. There are only two.

Chapter 469 of the Laws of 1906 provided for the imposition “each year hereafter” until the bonds issued under the act “shall be due, an annual tax of fifty-five ten-thousandths of a mill upon each dollar of real and personal property in this state subject to taxation for each and every one million dollars or part thereof in par value of said bonds issued and outstanding in any of said fiscal years.”

It further provided for the payment of the interest on the

fund for the redemption of the bonds, such sinking fund to be made up of the proceeds of the taxes imposed, less the interest on the bonds, interest earned on the investment of such balance of said proceeds, premiums on the sale of the bonds and interest accruing on deposits of money received from the sale of the bonds.

It also provided for the substitution of an appropriation of funds from the state treasury, in the amount of the tax imposed, for the tax, and in the event of such appropriation, the direct tax was forbidden.

Chapter 718 of the Laws of 1907 amended Chapter 469 of the Laws of 1906 by providing, instead of the tax imposed by the act of 1906, a direct "annual tax of two cents for each one dollar of bonds issued \* \* \* and outstanding, to provide a sinking fund to redeem said bonds at maturity." It, then, provided for the raising of the interest at the several rates carried in the bonds.

The proceeds of the taxes, less the interest on the bonds, were required to be invested and constituted the sinking fund.

In case the Legislature, in any fiscal year, should appropriate an amount equal to the amount of the tax, a direct state tax was forbidden.

Then the act contains this provision: "When the payments to the sinking fund of premiums upon bonds sold, interest upon investments made from the sinking fund and the moneys received from the towns and counties as and for their share of the cost of highways \* \* \* shall amount to a sum equal to the amount of any annual tax herein required to be levied to provide payment of the interest upon bonds outstanding and the annual payment to the sinking fund, then the comptroller shall make a special recommendation to the Legislature asking that the Legislature shall direct that so much of the said accumulation as may be sufficient to pay the interest due in that year and provide the amount due to the sinking fund shall be used for such purposes and that no state tax shall be levied for that year as herein provided."

It is very evident that the Act of 1907 was intended to correct the policy of the Act of 1906 with regard to the payment of the interest and the creation of the sinking fund, and to require the comptroller to recommend to the Legislature, when the surplus accumulations were sufficient, that such surplus be used to pay

the interest and contribute to the sinking fund for the year and that a tax be not imposed for that year. Thus, the effort seems to have been to keep the sinking fund down to an accumulation of 2 per cent. per annum on an indefinite, inaccurate and indistinct amortizing method. Notwithstanding this effort, the highways sinking funds now exceed by \$3,394,395.36 the sum necessary to be contained therein to meet the requirements of the Constitution. This result is conclusive evidence of error.

The provisions of the Constitution for the payment of the interest and for the creation of a sinking fund for the payment of the principal of the highway debt at maturity, while differing from the provisions in those regards in reference to the canal debt, are, when properly interpreted, without difficulty of application to accomplish their plain purpose.

Here, as with the canal funds, it was the purpose to provide for the payment of the annual interest upon the deferred debt and to accumulate proportionately through the life of the bonds a fund which, at the maturity of the debt, would pay it.

The Constitution requires provision to be made for the payment of the annual interest on the debt and the creation of a sinking fund of at least 2 per cent. per annum to discharge the principal of the debt at its maturity. Thus separate provision is required to be made for the payment of the interest and for the sinking fund, which is intended to pay the principal. The deferred period of the debt is fifty years. The minimum per centum is 2 per cent. Two per cent. of the principal put aside in each year will make 100 per cent., or the entire principal, in fifty years. But, by the provisions of section 5 of article VII of the Constitution, this sinking fund must be invested, and that investment produces an income. There is no provision that the income from the sinking fund shall become a part of the sinking fund. It is not necessary that it shall become a part of the sinking fund, for the minimum per centum provides a sinking fund which, at the maturity of the bonds, without the addition of any of the income from its investment, will amount precisely to the principal of the debt and will discharge it. The purpose of the Constitution is plainly stated to be the payment of the annual interest on the bonds, and the creation of a sinking fund to pay and discharge the principal of the debt at its maturity. There is no purpose manifested to accumulate more money than the amounts necessary for these payments.

That is certain. Therefore, this plain and certain purpose was committed to the Legislature for accomplishment. There are none of the complications that appear with reference to the canal funds touching the manner of providing the funds for interest and for final retirement. The Legislature may impose a direct tax, or it may appropriate the requisite amounts from funds in its treasury or otherwise available.

One of two results is inevitable. As a matter of practical solution, they amount to the same thing. Either, as we have already suggested, the income from the investment of the sinking fund must be treated as a revenue of the state and not an accumulation and accretion upon the principal of the sinking fund, or, if such income is not so treated, but is treated as an accumulation and accretion upon the principal of the sinking fund, then the provision of the Constitution means, and can only mean, that the principal of the sinking fund, thus accumulated and added to, must be contributed to in each year so that, in any given year, the amount in the sinking fund shall be the number of times 2 per cent. of the par value of the issued bonds that there are years during which the bonds, respectively, have been issued and outstanding. In the first case, the Legislature could and should appropriate the income derived from the investment of the sinking fund as a part of the 2 per centum contribution to the sinking fund for the given year. In the latter case, the income should be treated as an addition to the principal of the sinking fund, thus reducing, by its amount, the sum necessary to make up for that year the 2 per centum contribution to the sinking fund. As suggested, the result is the same, and the sinking fund, called for by the Constitution, is provided.

It is, therefore, clear that the excess of \$3,394,395.36 above the required amount in the highways sinking funds is directly attributable to the incorrect and erroneous methods employed in the creation and accumulation of those funds, and is not the result of any method or system provided in the Constitution.

The remedy for this abnormal and erroneous condition is beyond doubt. The excess accumulations in these sinking funds are no part of the sinking funds. Errors by the Legislature or in the comptroller's office cannot defeat the plan of the Constitution. The errors of the Legislature and of the comptroller can be corrected. In view of the fact that these errors, whenever in the life of these sinking funds there has been a direct tax, have

taken from the taxpayers improperly and unlawfully the portions of their taxes due to the errors, they have amounted to an unjust tax. It is not practical to attempt to return to the taxpayers what was thus improperly taken from them. Indeed, the mere matter of figuring what each should receive back is beset with practical difficulties, which probably could not be surmounted. Therefore, the practical solution is to reduce the contributions to these sinking funds in such amount from year to year that the taxpayers, relieved from all or part of the state tax, will be equitably reimbursed. Such is the solution which I recommend to the Committee of Inquiry.

JOHN T. NORTON,  
*Counsel to Committee.*

# AN ACT

To promote efficiency and economy in the public service and to create a department of efficiency and economy and to authorize the appointment of a commissioner of efficiency and economy as the head of such department.

*The People of the State of New York, represented in Senate and Assembly, do enact as follows:*

Section 1. A department of efficiency and economy for the state is hereby established and shall be known as the state department of efficiency and economy. Within ten days after this act shall take effect, the governor, by and with the advice and consent of the senate, shall appoint a commissioner of efficiency and economy who shall be the head of said department of efficiency and economy. Said commissioner of efficiency and economy shall receive an annual salary of twelve thousand dollars. His term of office shall be five years. He may appoint and employ such deputies, clerks, assistants, experts and employees as may be necessary for the conduct of the business of said department and he shall, upon such appointment or employment, fix the salaries or compensation of all such clerks, assistants, experts and employees at such reasonable sums as shall fairly compensate them for the service to be rendered.

§ 2. The trustees of public buildings shall provide suitable offices for the said department of efficiency and economy at the state capitol, and said offices shall be kept open by said commissioner during business hours on each secular day of the year, holidays excepted.

§ 3. The commissioner of efficiency and economy shall make a careful and thorough study of each office, institution and department maintained by the state and shall from time to time make recommendations to the governor and to the officer, board or commission in charge of said office, institution or department touching the efficiency and economy of the work, business and service therein. He is hereby empowered, and it shall be his duty to examine the accounts, and the methods of business, accounting and administration of the several offices, institutions and departments supported by the state, for the conduct and maintenance of which any appropriation of moneys is made by law, and for

the purpose of such examination, he shall have the power, and he is hereby authorized to subpœna witnesses and compel their attendance before him and to subpœna and compel the production before him of books, papers, accounts and documents of every kind, and to administer oaths to all persons subpœnaed or appearing as witnesses before him and to examine, take the testimony of and require answers from all such persons upon all subjects pertinent to any examination being conducted by him. He shall have the power and he is hereby authorized to require the several officers, institutions and departments of the state to furnish to him, upon forms prescribed by him, all such detailed information touching the business, accounts, affairs and administration of such officers, institutions or departments as he may demand, and it is hereby made the duty of all the officers, institutions and departments of the state to furnish such information in such form to the said commissioner of efficiency and economy.

§ 4. On or before the first day of November in each year, each officer, institution and department of the state, for the support and maintenance of which appropriations of money are made by law, shall present to and file with said commissioner of efficiency and economy, upon forms prescribed by him, a detailed statement of all moneys which said officer, institution or department desires to have appropriated by law for the support and maintenance of said officer, institution or department for the fiscal year for which said appropriations are asked. The said commissioner of efficiency and economy shall examine said statements and make such recommendations thereon as shall, in his opinion, contribute to promote efficiency and economy in the conduct of the business of the state.

§ 5. This act shall take effect immediately.

# AN ACT

## To establish a state board of estimate and to prescribe its powers and duties.

*The People of the State of New York, represented in Senate and Assembly, do enact as follows:*

Section 1. There shall be and there is hereby constituted and established a state board of estimate which shall be composed of nine members, to wit: The governor, the lieutenant-governor, the president pro tempore of the senate, the chairman of the finance committee of the senate, the speaker of the assembly, the chairman of the ways and means committee of the assembly, the comptroller, the attorney-general and the commissioner of efficiency and economy. The board shall meet and organize within ten days after this act shall take effect. The governor shall be the president of the board and the commissioner of efficiency and economy shall be its secretary. The secretary shall keep the minutes of each meeting of the board and shall record them in a minute book to be kept for that purpose. The minutes of the board shall be a public record and shall be at all times open to public inspection.

§ 2. The said board shall annually, on or before the first day of January in each year, meet and prepare an estimate for a budget of the amounts required to be appropriated by the legislature for the conduct of the public business of the state in all its offices, institutions and departments for the fiscal year next ensuing. Such estimate shall be prepared in such detail, as said board shall deem sufficient to advise the legislature, as to the aggregate sum and the items thereof estimated to be necessary for the maintenance of each office, institution and department in the state for such fiscal year. Before finally making up such estimate, the state board of estimate shall have power, and it is hereby made its duty, to examine into all requests for appropriations made by each officer, institution and department of the state, and it may hold such public hearings as shall in its judgment be advantageous for such purpose. When said estimate shall be made up, it shall be transmitted to the legislature with such recommendations, reasons and explanations with regard thereto as shall be determined by said board.

§ 3. On or before the first day of November in each year,

each officer, institution and department of the state, for the support and maintenance of which appropriations of money are made by law, shall present to and file with the secretary of said board of estimate, upon forms prescribed by said board, a detailed statement of all moneys which said officer, institution or department deems it necessary to have appropriated by law for the support and maintenance of said officer, institution and department for the fiscal year for which said appropriations are asked, together with such reasons and explanations with regard thereto as the said officer, institution or department may desire to present. The said board shall, in connection with its estimate, transmit all such statements, or copies thereof, to the legislature. The said board shall examine all said statements and all requests for appropriations presented to it, and shall afford to the several officers, institutions and departments of the state presenting such statements and making such requests, reasonable opportunity for explanation in regard thereto and, whenever necessary, shall grant to such officer, institution or department a hearing thereon.

§ 4. The said board, in making up the estimate to be transmitted by it as aforesaid to the legislature, shall, in connection therewith, and as a part thereof, make an estimate of all moneys required to be raised or appropriated for the payment of interest upon the funded debts of the state and its other obligations bearing interest, and shall also make an estimate of the several sums of money required to be contributed in said fiscal year to the several sinking funds maintained for the redemption and payment of the debts of the state. For the purpose of such estimates, the comptroller of the state is hereby required to furnish to the said board a detailed statement of the moneys which he deems necessary for such purposes.

§ 5. In connection with and as a part of the said estimate to be presented by said board to the legislature, the said board shall make an estimate of the revenues of the state expected to be received during said fiscal year and shall make such recommendations with regard thereto as it shall deem appropriate for the disposition of said revenues. The said board shall also, in connection with and as a part of said estimate, ascertain and report the amounts of all unexpended balances under appropriations theretofore made by law and shall make such recommendations to the legislature as it deems appropriate for the disposition thereof.

§ 6. This act shall take effect immediately.

# AN ACT

To establish a state board of contract and supply and to regulate the purchase of all furnishings, materials and supplies for the offices, institutions and departments maintained by the state.

*The People of the State of New York, represented in Senate and Assembly, do enact as follows:*

Section 1. There shall be and there is hereby established a state board of contract and supply which shall be composed of seven members, to wit: The governor, the lieutenant-governor, the comptroller, the attorney-general, the president pro tempore of the senate, the speaker of the assembly and the commissioner of efficiency and economy. The board shall meet and organize within ten days after this act shall take effect. The governor shall be the president of the board and the commissioner of efficiency and economy shall be its secretary. The board shall appoint a clerk to hold office during its pleasure, whose duty it shall be to keep a full journal of all the proceedings of the board, including every vote thereof by ayes and noes. The clerk shall receive such reasonable salary as shall be fixed by the board. The minutes of each meeting of the board shall be recorded in a minute book to be kept by the clerk and shall be printed in full immediately after the adjournment of said meeting. One copy thereof shall be furnished to each member of the board. At the end of each year the minutes of the several meetings of the board shall be indexed and bound in sufficient number to supply each member of the legislature and each department of the state with a copy thereof.

§ 2. It shall be the duty of said board, after public notice, and in accordance with rules and regulations to be prescribed by it, to let to the lowest bidder who shall give adequate security for the performance of the contract, all contracts for all furnishings, materials and supplies for the several offices, institutions and departments maintained by the state, except that in case of emergency, the said board may purchase furnishings, materials or supplies for any office, institution or department without competitive bidding upon its certifying to the emergency requiring such purchase, but no such emergency purchase shall be made where the

furnishings, materials or supplies to be so purchased shall cost to exceed two hundred and fifty dollars. No officer, institution or department in the state government shall make any purchases of or contracts for any furnishings, materials or supplies for such office, institution or department. The sole authority for the purchase of all furnishings, materials and supplies for the several offices, institutions and departments maintained by the state is vested in the said board. The said board shall adopt and promulgate appropriate rules and regulations touching the manner of the performance of its work and prescribing the form and manner of advertisement for bids and of requisitions made upon it for furnishings, materials and supplies for the several offices, institutions and departments maintained by the state, except that said board shall make no rule or regulation inconsistent with or in violation of the provisions of this act.

§ 3. Each officer, board or body having the management of any office, institution or department maintained by the state, shall quarterly, during the months of January, April, July and October, and oftener whenever necessary, transmit to the said state board of contract and supply an estimate in writing showing in detail all furnishings, materials and supplies required for such office, institution or department during such quarter, within the appropriations made by law therefor, and containing such information with regard thereto as shall be required by the rules and regulations of said board. Said board shall, in the manner herein provided, enter into contracts for all such furnishings, materials and supplies, and shall make appropriate provision in said contracts for the delivery of the same at the several offices, institutions and departments requiring the same, but said board shall not contract for any furnishings, materials or supplies for any office, institution or department of the state in excess of the appropriation made by law therefor for such office, institution or department. Said board may invite bids, in the manner herein provided, for all the furnishings, materials and supplies of similar nature required by the several offices, institutions and departments of the state, and shall make appropriate regulations for the specification of such furnishings, materials and supplies and for the place or places of the delivery of the whole or of any part thereof. It shall prepare, in duplicate, specifications for all furnishings, materials and supplies to be contracted for and shall invite all bids upon such specifications and shall let all contracts

upon said specifications, and such specifications shall be a part of each said contract and shall not be changed or modified after the contract is awarded. Such duplicate specifications, when prepared, shall be filed in the office of said board and in the office of the comptroller of the state and shall be open to public inspection at all times. The board may reject all bids submitted to it, if, in its opinion, the lowest bid is excessive. The public notice of the letting of contracts herein directed to be given shall be a notice describing the furnishings, materials and supplies to be contracted for, and shall refer to the specifications therefor and to the filing of said specifications in the office of the board and in the office of the comptroller of the state, and shall state the time when and the place where the bids invited upon said specifications will be received. Such notice shall be published in the state paper at Albany, and in such other papers as said board shall direct, for such time and in such manner as shall be prescribed in its rules and regulations. The specifications for such furnishings, materials and supplies to be contracted for must set forth in such detail as will adequately inform proposing bidders of the nature, kind, quality and quantity thereof, and copies of such specifications shall be delivered to all applicants therefor. At the time when and at the place where bids are advertised to be received, in the manner herein provided, the board shall convene in public meeting and shall publicly open the bids received and record them in a book which it shall keep for that purpose, without any change, correction or addition whatever. No bids shall be withdrawn or canceled until after the contract shall have been awarded, but the board may reject any bids which do not conform to its rules and regulations, and may reject all bids and again advertise for bids, in the manner herein provided, if in its opinion the interests of the state will be promoted thereby. Every bid received must be a sealed bid and, enclosed therewith, the bidder shall deposit with the board a certified check or money for five per centum of the amount of his bid as a guarantee that he will enter into the contract if it shall be awarded to him. Notice of the requirement of such deposit with the bid shall be embodied in the public notice for such letting, and such notice shall also require, and each contract shall provide for the giving of a bond in such amount as the board shall prescribe conditioned for the faithful performance of the contract. The con-

tract, when awarded, shall be executed in duplicate and one duplicate original thereof shall be forthwith filed in the office of said board, and the other duplicate original thereof, together with the bond accompanying said contract, shall be forthwith filed in the office of the comptroller of the state. All orders for emergency purchases shall be executed in duplicate and shall be forthwith filed in the office of said board and in the office of the comptroller of the state.

§ 4. The comptroller shall audit all bills and accounts presented for furnishings, materials and supplies delivered under contracts made by said board in the manner herein provided and also delivered under orders for emergency purchases as herein provided. Each officer, institution and department of the state shall upon the receipt of any furnishings, materials or supplies, either under contract or under order for emergency purchases, make a true and correct itemized statement and account thereof and shall forthwith transmit the same to the comptroller of the state and a copy thereof to the state board of contract and supply.

§ 5. All acts and parts of acts inconsistent with the provisions of this act are hereby repealed.

§ 6. This act shall take effect immediately.







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